Note: These are chapters added in the 2023 edition to the original Free Private Cities book published by Titus Gebel in 2018. The content presented has been translated from the Portuguese version of the book to English using AI, so mistakes may be there.

I used 2018 version of Free Private Cities book from here: https://download.books.ms/main/2268000/9da05aa804181cc2d32a3d713d453eb9/Titus%20Gebel%20-%20Free%20Private%20Cities_%20Making%20Governments%20Compete%20For%20You-CreateSpace%20Independent%20Publishing%20Platform%20%282018%29.epub

I used 2024 Portugese version of Free Private Cities book for AI translation of the chapters, from here: https://download.books.ms/main/4274000/56cd75691e9c5c911b5fbb117c14e310/Titus%20Gebel%20-%20Cidades%20Livres_%20Fazendo%20governos%20competirem%20por%20voce%CC%82%20%28Portuguese%20Edition%29-Free%20Cities%20Foundation%20%282024%29.epub

Preface to the Third Edition
Dear readers,

Nothing is more powerful than an idea whose time has come. Since the initial publication of this book in 2018, it has been translated into six more languages, and numerous articles, interviews, and blog posts have appeared on the topic of Free Cities. In addition, there is now a foundation that organizes an annual conference reporting on progress in establishing new forms of freedom-oriented coexistence. Recently, “meetups” of Free Cities enthusiasts have been

held in major cities around the world, from Buenos Aires to London and Dubai. Most importantly, some of the ideas from this book have been incorporated into the actual development of the world's first autonomous zone of a new kind, known as *Próspera* in Honduras.

Indeed, the moment seems ripe for new forms of coexistence. With various related concepts (Charter Cities, Network States, etc.) and stakeholders around the globe, it is fair to speak of a movement. Interest in designing and experimenting with alternative systems is coming from all sides of the political spectrum. Representatives of dissident approaches have also told me they read my book and gained insights for their own projects. And that is good, because we need more competition in the market of coexistence, not less.

Some observers have even called this book the most influential political book of recent years. I believe one reason for this is that, for the first time, there is now a viable alternative to Western democracies that does not lead to a benevolent dictatorship, but instead offers maximum self-determination. Clearly, the other side sees this as well, as there are now numerous critical articles and even a counter-book.

However, what almost all critics fail to mention are two things: first, that participation in Free Cities is entirely voluntary. Second, my main argument is that current political systems are characterized by disincentives for both rulers and the ruled. If these individuals were genuinely interested in understanding, they would mention my arguments and

engage with them. Since they do not, it appears to be merely political propaganda.

In any case, I am ready and hereby once again offer myself for peaceful competition between systems.

This third edition has undergone extensive revision and expansion. Since the first edition in 2018, the market for coexistence has gained significant momentum, and recent developments and related concepts have been taken into account. There are six new chapters (11, 12, 27–30) that cover culture, architecture, and ethical and moral issues, among others. The book also explores how Free Cities would have dealt with the issue of COVID. Redundancies and superfluous content have been trimmed accordingly.

The first part of this book deals with fundamental questions that any social order must address. From these questions emerges the concept of Free Cities described in the second part, where historical and contemporary models are examined. The third part addresses practical implementation issues. Finally, the fourth part provides a view of future developments.

Wittgenstein once said: "Everything that can be said can be said clearly." Therefore, I have avoided unnecessary jargon, gendered phrasing, and verbose sentences.

There is reason for optimism, because in the end, people go where they are treated best.

Monaco, September 2023
Dr. Titus Gebel

CHAPTER 11

SPECIAL ECONOMIC ZONES AND SPECIAL ADMINISTRATIVE REGIONS

> **“The freedom to say no is the only freedom.”**
> **— *Salman Rushdie, Writer***

SPECIAL ECONOMIC ZONES AS PRECURSORS

Establishing a Free City becomes easier when there are more precedents. In this regard, a unique aspect of our time proves useful: the existence of Special Economic Zones (SEZs).
Just 50 years ago, there were almost no SEZs; today, their number has grown to over 5,000.

A Special Economic Zone is a geographically defined area within a state that has special legal and administrative rules to attract investors. These rules typically relate to customs and tax laws, but sometimes extend to other areas of law, such as environmental, labor, or social regulations. Subtypes include free zones, export processing zones, bonded areas, and similar formats.

In these areas, economic freedoms are greater than in the rest of the country, although other laws and personal freedoms are generally treated the same. SEZs demonstrate that special rules can be created for specific interests. Until

now, this has mostly applied to economic interests—but why not to other interests in the future?

The very existence of SEZs is already an implicit admission by states that their conventional regulations do not necessarily provide optimal conditions for businesses and investors. It is also a tacit acknowledgment that a one-size-fits-all approach is not the ultimate wisdom. And there are good reasons for this: a state that enforces all rules uniformly must always choose a particular path—one that can only be corrected after years or decades. This hinders or even blocks potential further development. In the market of products and services, startups can challenge established competitors with new ideas, especially when majorities and experts initially see no chance of success.

Thus, there is a growing trend within the SEZ industry toward increasingly autonomous zones. The first modern SEZs emerged in the early 1960s and were initially limited to customs facilitation—branded then as "free trade zones" or "free ports." In the years that followed, SEZs were created for industrial production, and eventually even for heavy industry, with rules tailored to their specific needs—including not only customs exemptions, but also tax incentives and streamlined approval procedures.

The next step saw the emergence of SEZs specifically designed for the tourism industry, followed by zones tailored for financial services. To make them more attractive, it also became necessary to create the appropriate environment, including restaurants, hotels, and cultural institutions—all subject to the special regime. However, this blurred the line

between a purely industrial area with special rules and a self-governing city with all kinds of businesses and residents.

In essence, the establishment of a Free City is the next logical step in this development. It makes sense because many states have found that the SEZs they created were not in high demand. The same applies to ambitious new cities under construction. The reason for this is that both individuals and companies prefer an environment that offers security, predictability, as well as economic and personal freedom. Tax and customs breaks are also available elsewhere, and these alone are no longer sufficient to attract new settlers or major investments. Furthermore, the long-term stability of such zones is often questionable because relevant authorities or legislatures may change course after the next election.

It is therefore expected that even SEZs will increasingly allow deviations from the homeland's rules and gradually evolve into Special Administrative Regions.

SPECIAL ADMINISTRATIVE REGIONS – THE NEW TREND

The term *Special Administrative Region* (SAR) was first coined in the 1984 Sino-British Joint Declaration on the future of Hong Kong, which stipulated its transfer to China in 1997. An SAR is a territorial entity under the sovereignty of a country, but with a separate legal, administrative, and judicial system. Deng Xiaoping aptly described the principle as "one country, two systems." Macau, which formally reverted from

Portugal to China in 1999, also received this status. Both are led by a "Chief Executive," and their status is guaranteed for 50 years (until 2047 and 2049, respectively).

The overseas territories of former colonial powers like Britain and France also effectively enjoy SAR status because they exercise their own regulatory authority. This authority is subject to the homeland's laws to varying degrees. Certain territories, like the British Virgin Islands, have only the British monarch as formal head of state but otherwise operate autonomously.

Beyond these colonial origins, there are also genuine new creations of Special Administrative Regions—such as the Dubai International Financial Centre (DIFC). Covering an area of just 1.1 square kilometers, the zone was founded in 2002 and became operational in 2004. It has its own legal status, with its own laws based on common law principles and independent courts. The legal texts are drafted in English. The same applies to similar projects that followed, like the Abu Dhabi Global Markets and the Astana International Financial Centre, both established in 2013.

The motivation to replicate the DIFC lies in its enormous success. Today, more than 3,600 companies are headquartered there, contributing a remarkable 14% of Dubai's GDP (as of 2021) in just one square kilometer of land. However, the DIFC is not just a commercial hub—it is also residential. Its sophisticated dining options offer much more than just business lunches. The DIFC also offers cultural venues, galleries, and music clubs. It has evolved from a seemingly lifeless place outside of business hours into a

vibrant hub of social life. On Saturday nights, the DIFC is as lively as during any weekday.

Honduras took a similar step with its ZEDEs (Zones for Employment and Economic Development). These Special Administrative Regions aimed to create a kind of Hong Kong in Central America, with their own legal system, administration, security forces, and courts. Contrary to popular belief, ZEDEs are not private entities, but territorial public law entities of the Republic of Honduras, which only have the right to delegate part of their tasks to private service providers. A group of Honduran politicians, including Octavio Sanchez, Carlos Pineda, and Ebal Diaz, worked persistently for several years to turn this idea into reality. The corresponding law was passed with a clear majority of votes across all parties in January 2013, following preparatory constitutional amendments. The socialist government elected in 2021 intends to abolish the ZEDEs, and in 2022, the Parliament repealed the ZEDE law. However, the three existing ZEDEs enjoy the status of acquired rights, as discussed in Chapter 30.

Free Cities fit perfectly into the concept of Special Administrative Regions. They are territories under the sovereignty of a country (with a guarantee of that country's continuity) but have a legal, administrative, and judicial system separate from the rest of the country.

CHAPTER 12

CHARTER CITIES, NETWORK STATES, ENTRECOMS, AND OTHER VARIANTS

> **“Imagine how prosperous nations could be if they had no governments, only administrations, and a minimal state responsible for internal and external security.”**
> **— Michael Klonovsky, writer**

CHARTER CITIES

The concept of Charter Cities originates from economist Paul Romer and was introduced to the public in a TED video in 2009. In short, the idea involves cities in developing countries being granted a specific regulatory framework (the Charter—hence the name "Charter Cities") that partially or fully mirrors the laws of successful states. It also involves sending officials from these successful states to implement it. A brief description at the time was: "Canada is creating a new Hong Kong in Cuba."

The concept appears to be based on the understanding that simply adopting the laws of successful states (as many developing countries already do) is insufficient if those enforcing the laws are not adequately qualified and motivated. The problem is that this concept—establishing a legal framework with its own administrative officials in foreign countries—has historically been known as colonialism, raising significant acceptance issues in the target countries. For this reason, no country has so far volunteered to take on the desired administrative role. Romer

no longer uses the term "Charter City" but still adheres to the core concept despite all objections. One idea is that this concept could be implemented, for example, on Western military bases abroad.

Romer criticizes Free Cities because he believes there is no separation of powers between the executive and the judiciary. However, this objection is incorrect—if states can establish an independent judiciary, why can't private operators do the same? The Dubai International Financial Centre demonstrates how this can be achieved. Moreover, international arbitration has long been established in situations where there is no comprehensive state jurisdiction, especially in international trade. These mechanisms can also be employed in Free Cities. It is expected that, as Free Cities become more widespread, more independent arbitration bodies will emerge, operating profitably and thus competing with state courts. This is particularly relevant since state courts are funded by tax revenues, creating a potential conflict of interest in cases involving disputes against the state. Free Cities that lack separation of powers between the executive and judiciary are unlikely to be attractive.

Although Romer can no longer use his own term, the concept has taken on a life of its own and expanded. The Charter Cities Institute, founded by Mark Lutter in 2017 and financially supported by Ethereum creator Vitalik Buterin, defines Charter Cities quite broadly:

> **"Charter Cities are new cities that have been granted special legal jurisdiction to create a new system of governance."**

It also acknowledges that each Charter City can have its own system but recommends certain principles, such as broad internal autonomy—including legislative powers—and an independent dispute resolution mechanism. This approach aligns with the concept presented here. Paul Romer's idea that foreign states run the show is ultimately abandoned in favor of a public-private partnership model:

> **"We recommend that Charter Cities be organized as a public-private partnership between a private city developer (preferably based in the host country or region) and the host country government. According to this proposal, Charter Cities would be governed by a board composed of representatives of the city developer and the host country government (and potentially the local government), with relevant stakeholders such as multilateral institutions or community groups added according to legal provisions. This board would then appoint a city administrator to oversee city administration. The city developer should take responsibility for land acquisition and the initial infrastructure development to ensure market forces influence decision-making and that most financial risk is borne by the private sector. After an initially agreed development period (e.g., 50 years), allowing the administration to focus on growth generation and amortizing initial**

investment costs, the city should transition to a standardized form of governance."

However, if the private city developer does not hold a majority on the proposed board, fruitful development may be a challenge.

The institute has published several documents with practical guidance that can help ambitious city founders implement their ideas.

Strictly in terms of terminology, Free Cities are not Charter Cities because they are not based on a charter but on bilateral contracts between the operator and each individual citizen. However, if we adopt the broad definition of the Charter Cities Institute, we can categorize them as such.

COMMUNITY ENTREPRENEURSHIP

Another concept is the so-called *Community Entrepreneurship*, abbreviated as *EmpreComs*. It is based on the idea that the creator and owner of a city has more opportunities to guide positive urban development when no property is transferred to third parties, but everything is instead rented or leased. Since the owner also has an interest in using the land as profitably as possible—and, due to their unique ownership position, the capacity to do so—they are more likely to effectively resolve issues related to the city's development and the removal of undesirable

individuals, compared to when property is divided among multiple citizens. The idea is primarily attributed to Spencer MacCallum, who developed it in 1970 based on observations of hotels and trailer parks. It builds on the work of his grandfather, Spencer Heath. He defines it as follows:

> **A proprietary community is a community managed as a proprietary enterprise in which the relationships of each member of the community are negotiated directly with the owner.**

Spencer MacCallum unfortunately passed away at the end of 2020, but he contributed to the creation of the first edition of this book. In addition to sharing ideas about his concept, he provided me with a fitting quote from his grandfather on *Physical Place vs. Virtual Community*, which opens Chapter 19.

Calvin Duke summarized, discussed, and systematically expanded on the concepts of both Spencers in his highly recommended book *Entrepreneurial Communities*. In essence, he shares the conclusions found here. He writes:

> **Man is a physical being living in physical space. Until we have a piece of physical land where we can thrive and keep the flame of freedom alive, we will never be safe... I believe that establishing some voluntary enterprises based solely on contracts and not on coercion is the most promising way to create this haven.**

Duke argues that private enterprises generating revenue through leases rather than taxes can effectively solve the incentive problems faced by traditional governments. A central theme is land economics. The author draws on the theories of Henry George regarding land to explain the importance of economic externalities tied to land value. The book also offers an insightful discussion of the concept of public goods and demonstrates that *EmpreComs* are effective in providing these goods, while the tragedy of the commons is structurally excluded. Additionally, Duke discusses various libertarian approaches and shows that their practical shortcomings can be addressed with *EmpreComs*.

The main difference between *Free Cities* and *EmpreComs* lies in the issue of ownership. According to Duke, the presence of a single owner is a necessary component to achieve a radical reduction in transaction costs. While there is certainly some truth to this, the question remains: what accounts for this advantage? If there is no possibility of acquiring property, a significant incentive for property improvement is also missing. Already in the 18th century, English agricultural scientist Arthur Young recognized:

> **Give a man ownership of a barren rock and he will turn it into a garden; give him a nine-year lease on another man's garden and he will turn it into a desert. The magic of ownership transforms sand into gold.**

The possibility of expelling troublemakers also exists in *Free Cities*, even if residents own property. It's a matter of designing the citizen contract appropriately, and since all

citizens of a *Free City* have such a contract, it is a solvable problem. Contractual disputes will also not be entirely avoidable for the owner of an *EmpreCom*, because even mere property usage is typically governed by contract—for example, through a lease agreement.

Moreover, many people find property acquisition very important for various reasons. Here's a real-life example:

After visiting ZEDE Morazán, which is organized according to *EmpreCom* principles, I was driving to the airport and asked the driver what he thought of the project. He indicated that he really liked Morazán and would move there with his family if he could buy a home there as residential property. Unfortunately, that was not the case.

But let’s wait and see. In the end, the market will decide.

NETWORK STATES

Entrepreneur Balaji Srinivasan developed a concept known as the *Network State*. He defines his model as follows:

> **A Network State is a social network with a clear leader, an integrated cryptocurrency, a defined goal, national consciousness, and a plan for crowdfunding. This clear leader is the founding influencer who organizes the online community, which eventually acquires land in the physical world. Crucially, this land is not necessarily contiguous.**

The central idea is to virtually populate land all around the Earth. In contrast to a conventional state—which is ideologically diverse but geographically centralized and gathers millions of people with different views in one place—a *Network State* is ideologically aligned but geographically decentralized. People are spread across groups of varying sizes around the world, but their hearts are in the same place.

If the population and economy of a startup society with millions of citizens and billions in revenue can be compared to those of a traditional state, it should eventually be able to gain recognition from existing sovereigns.

That last point is doubtful. There have already been attempts to establish virtual states (e.g., Bitnation), which faced difficulties precisely due to a lack of solid organization and commitment to membership. Their "citizens" were and still are always subject to the reach of existing sovereign states. This problem would also apply to a *Network State*. Why would a state accept the sovereignty of another entity choosing parts of its territory, especially if those parts are economically highly productive? The existing state can only lose in such a scenario.

The model could work if an online community with shared values or interests first forms and then acquires and settles in a defined territory. However, experience has shown, as in the case of the Free State Project in New Hampshire, that of the 20,000 participants who had committed to moving at the time (in 2003), only 3,000 actually relocated (currently around

10,000). And in that case, they knew in advance where they were going.

Still, it is worth trying—and indeed, several network states have already organized on the Internet, focusing on common goals, such as overcoming or delaying the aging process. *Free Cities* could offer physical space to network state communities that need it.

SPECIAL ZONES

If *Free Cities* are not yet politically viable, although the will for deep reforms and new approaches exists in principle, it is still possible to take individual aspects of the idea and apply them within a *special zone*.

***Special zones* are created within existing national territories where different economic and political rules can be applied. These compete both among themselves and with the host state, which retains its old regulatory regime. To avoid imposing anything on anyone unwilling, these zones are established in sparsely or unpopulated areas. They are occupied exclusively by volunteers who identify with the rules applied there. Previous residents can choose whether or not they want to be subject to the rules of the special zone. If they don't like what's being done there, they simply stay away—or go to a special zone that suits them better. This allows everyone—even those outside the zones—to observe which models work and which don’t.**

When even an autonomous special zone is politically unviable, themed special zones can still be created. For example, special *digital zones* could be established where attractive, reliable, and long-term rules apply to companies dealing with cryptocurrencies and blockchain technologies. New social security models could be tested in a *social security special zone*, such as a purely capital-based pension insurance with the right to choose a provider, as in Chile or Australia. Health insurance could also be organized similarly to Singapore, where there is only a basic liability insurance equivalent to auto liability coverage. Any additional benefits would be at the individual's discretion. It is also conceivable that new products could be authorized in principle within an *innovation special zone* without a licensing procedure. Different solutions to the migration problem could be tested in *immigration special zones*. Those with little education and limited or no knowledge of the host country's language depend on the low-wage sector to sustain themselves. Where state-imposed minimum wages prevent the creation of such jobs, integration is impossible. Nor can cheap housing be built in many countries because strict insulation and other regulations make construction prohibitively expensive. This would not be the case in these special zones, as excessive regulation would largely be dissolved. Anyone willing to work and integrate—and willing to follow the rules of the immigration special zone—would be welcome. Certainly, there will be no clear boundaries due to space limitations alone.

Since participation would be voluntary in all cases, every special zone must grant each resident an *unconditional right*

***of exit*. Anyone disappointed with the special zone can leave—whether it doesn't meet their expectations, or they reject subsequent decisions of the administration or elected representatives, or perhaps they simply find life there overwhelming. Competition will ensure that the best special zones succeed and the others disappear. And: disinterested citizens won't have to change anything in their lives, as everything else in the host state would remain the same. History shows that most people are attached to the status quo and prefer to keep it. This need would be met by creating special zones.**

PRIVATE CITIES IN PRACTICE

Even if special zones are not politically viable, the establishment of quasi-private cities is still possible. These are settlements located entirely on private property: the landowner, acting as the city operator, negotiates a contract with each individual resident, stipulating the intent of the inhabitants to comply with the established rules. The contract may also include a requirement to use only the dispute resolution systems agreed upon, and to accept the creation of a security service and its powers. If the contract is not followed, it results in termination of the agreement and loss of residence authorization. Practical examples of such free cities include American Home Owner Associations or regulated free cities like Weston or Celebration in Florida. This category also includes libertarian startups, such as the Norwegian project *Liberstad* or the German citizens' cooperative *Bürgergenossenschaft Mittelsachsen*. The cooperative model can be attractive for such constructs, as it is based on the principles of self-help, self-responsibility,

and self-governance. However, corporations or associations can also serve as suitable legal forms for these purposes.

Of course, all state laws still apply in such cases, but at least in the areas of security, dispute resolution, and social harmony, a more pleasant coexistence can be achieved through such agreements. Additionally, residents could try to establish their own parallel systems in education and social security, to avoid existing systems as much as possible—yet within the framework of the law. Creating their own cryptocurrency is also an option. The operator's ability to refuse applicants (though this contractual freedom is increasingly limited by the state) and expel those who break the rules allows for positive selection. Amish settlements in North America or Mennonites in South America are instructive in this context, especially because they have managed over time to gain a certain formal or at least real autonomy from the state.

MIGRANT CITIES

According to research, about 700 million people currently want to leave their homes, most of them from African and Arab countries. By 2050, this number is expected to rise to 1.2 billion people due to population growth in these regions. Their preferred destinations are wealthy Western countries. On the one hand, this is understandable from a human perspective, but on the other hand, the sheer number of people willing to emigrate is so large that, if it were to happen, it could place even the most stable and

industrialized countries in a precarious situation. Conflicts would be inevitable.

Migrant cities based on the Free Cities model are a potential solution. They offer a reliable legal system, the possibility to acquire real estate, import and export goods, and establish businesses in a straightforward way. These are precisely the conditions that are typically lacking in emigration countries and hinder economic development. Migrant cities, therefore, are well-positioned to provide a safe life, a new community, and economic development for refugees and migrants within their own cultures. These cities also attract companies and service providers from nearby areas and around the world who are interested in stable conditions and new markets but have so far avoided these regions due to political risks. The ANDAN Foundation for Refugees promotes a very similar model under the term "Global City."

Establishing such a territory requires agreement with the respective government or, if their control over the area is questionable, with local rulers. It makes sense for such an agreement to be made not only between the private city operator and the host state but also to have other states sign on as guarantors of the Migrant City. For example, the parties agree to uphold human rights and international agreements within the city, and also commit to preventing human trafficking, money laundering, and similar crimes. However, the attractiveness of private governance should not be underestimated.

Acceptance is likely to be much greater than if other states were to assume direct administration of the territory. No

country likes to have foreign powers governing part of its land. It's also possible for the host state to receive shares in the private city-operating company, which would give it a say at shareholder meetings or a share in future dividends.

Military security would be indispensable, especially in crisis regions. Following Switzerland's example, the Migrant City itself would have to be strictly neutral and abstain from interfering in conflicts. Therefore, external security should not be guaranteed by local forces but by international security companies. This is especially true if one wants to avoid a foreign military presence. However, if other states co-sign the treaty, they can provide a security guarantee for the Migrant City. This alone would help keep neighboring countries in check.

Within the city, internal security would inevitably be quite robust, especially if there are ongoing regional conflicts. In the Citizen Contract, each resident would have to promise to follow the rules, which would include tolerance and a renunciation of violence against people of different beliefs or religions. Violating these rules would result in contract termination and expulsion from the city, including return to their country of origin if previously agreed upon. Precisely because different groups are expected in a Migrant City, which might not share a common cultural or religious understanding, it is essential to establish and strictly enforce clear rules. A clear boundary provides incentives to behave according to the rules to remain in the city. This is also an opportunity, as it supports and encourages moderate elements in the population. Ultimately, a Migrant City will

only be economically successful if, in addition to economic freedom, personal freedom for those of other religions or none at all is guaranteed. Proving this connection in practice is an opportunity to break away from the paths of religious and political fundamentalists.

As in other Free Cities, an annual fee would have to be paid for services provided by the city operator. Newcomers, initially without income, could receive a discount on this fee, provided it is paid later when they have earnings. The Migrant City must avoid at all costs appearing to be a welfare community. It cannot function as a refugee camp funded by charitable donations or the United Nations, but rather as a city that lives by and through its residents. A "refugee camp" mentality should not be allowed to take root at all. Those who, after a "year and a day" of residence, still refuse to pay contributions or find work must be expelled.

A Migrant City that emerges from nothing can only succeed if its residents are willing to work and contribute significantly. In this context, it is important for Migrant Cities to provide incentives for highly educated individuals, entrepreneurs, and investors to settle. Cities whose populations are predominantly or exclusively illiterate will not succeed. For this reason, each city must be able to choose its own inhabitants to achieve a good mix of quantity and quality. If the private city later flourishes, more jobs for unskilled workers will be created automatically.

The private structure of the city avoids the danger that, in the case of an electoral victory, the winner favors their cronies, installs a regime that threatens stability, or drives away

businesses and investors. The very nature of the system prevents political conflict from arising.

There is every reason to believe that these communities will grow and prosper—ensuring safety, rigorously enforcing law and contracts, allowing personal and economic freedom, and preventing religious conflict. They can offer many people a perspective they can find nowhere else. If successful, the idea will spread. If it spreads widely enough, Migrant Cities could make a significant contribution to mitigating the refugee and migration crisis.

CHAPTER 19
CORONAVIRUS AND OTHER EMERGENCIES

> **"It is difficult to get a man to understand something when his salary depends upon his not understanding it."**
> **— Upton Sinclair, writer**

Lessons can be drawn from the emergence and handling of the SARS-CoV-2 coronavirus (“Covid-19”) regarding how Free Cities and other communities, where civil rights and the principle of proportionality are crucial, should deal with such and similar cases in the future.

Presumably, a Free City would have a clause in the citizen contract stating that in emergencies such as wars or natural disasters (including epidemics/pandemics), the city operator has special rights to maintain public life. As always in a purely contractual system, residents can challenge before an

independent arbitration court whether such a situation exists. Contractual citizens could argue that there is no danger, or that certain measures are useless or inappropriate, and so on.

I. GENERAL EMERGENCY RESPONSE

First, let us consider the standard procedure for an emergency situation, illustrated by:
a) a hurricane,
b) an armed gang attack.
This serves to help understand the principles before addressing the topic of Covid-19.

In Free Cities, the essential contractual duty of the city operator is to protect the life, liberty, and property of its contractual citizens. Several questions need to be examined:
Is there a danger?
Does it imply an obligation to act?
If so, are the chosen measures proportional?

IS THERE DANGER TO THE LIFE, LIBERTY, OR PROPERTY OF THE CONTRACTUAL CITIZENS?

If a hurricane or an armed gang approaches the city, there is objectively a danger to the life, liberty, and property of the contractual citizens.

DOES THIS CREATE AN OBLIGATION FOR THE OPERATOR TO ACT?

The city operator has contractually committed and is paid to prevent dangers to the life, civil or individual liberty, and property of the contractual citizens and, if necessary, must take active measures to do so. In principle, this gives rise to an obligation to act.

A hurricane cannot be prevented; it is a classic case of force majeure. An armed gang attack is different.

First, regarding the hurricane: if the Free City is located in an area frequently affected by hurricanes, residents can expect less from the operator because they are already aware of this fundamentally existing danger. Therefore, they should primarily ensure their property is adequately protected and avoid putting themselves in danger. However, a reasonable operator would explicitly inform city residents, through the usual channels, that a hurricane is approaching and recommend staying at home or at least securing their belongings. Imposing a curfew or mandatory evacuation in such a situation would be difficult to justify.

In Free Cities, the principle is: when in doubt, prioritize self-responsibility.

Even in the case of a once-in-a-century hurricane, the city operator may be required to offer evacuation options or shelters, but this would ultimately be decided by (arbitral) courts. A reasonable urban operator would proactively offer

such measures in the event of a hurricane and initiate the following actions:

- **Warning through the usual city information channels**
- **Hotline/Website/App with real-time information**
- **Offering shelter in the city**
- **Protection against thieves and looters**
- **Lifting of the alert through the usual city information channels**

The imminent attack of an armed gang can be prevented by the city operator; thus, more significant obligations to act arise here.

Let us suppose the following scenario:

In the host state, civil unrest has broken out. Its security forces are either fully mobilized or have deserted and are currently unable to fulfill their contractual duty to protect the Free City. A gang of 50 to 60 armed members is heading toward the Free City, assuming there is something to loot there. Warnings and offers to negotiate from the city operator have been ignored or rejected. The city's head of security believes that the city's own security forces, reinforced by volunteers, can repel the attack. Due to geographical constraints, the attack can only take place in a specific neighborhood, which will inevitably become the battlefield.

After the city operator has exhausted other means and no assistance is expected from the host state, measures must be taken to protect the life and property of the contracted citizens. In this case, the city operator decides to evacuate the affected neighborhood to prevent residents from being caught in the crossfire and hampering the defense. Furthermore, three private residences are converted into defensive positions.

ARE THE MEASURES TAKEN PROPORTIONAL?

In constitutional states, the principle is that all state actions affecting the property, liberty, and integrity of citizens must be proportional. Because the city operator holds the power of policing, this principle applies. A measure is proportional if it is suitable, necessary, and appropriate. This means:

SUITABILITY: DOES THE MEASURE ACHIEVE (OR PROMOTE) THE INTENDED PURPOSE?

In the example of hurricane protection, warning alerts and other protective measures are suitable. The same applies to defense measures that enable the successful repelling of the gang.

NECESSITY: IS THERE NO MILDER MEANS AVAILABLE TO ACHIEVE THE OBJECTIVE?

None of the measures in the hurricane example directly interfere with the rights of contracted citizens, so these

measures are already the mildest means. The gang scenario is different. Here, evacuation is mandatory, and three private residences are commandeered, which may also become targets and may be damaged. It should be examined whether a recommended evacuation with a note on personal responsibility would have sufficed, or if a curfew during the battle would have been a milder measure. Furthermore, the question arises whether using these residences actually increased defensive capabilities, which the property owners could dispute. A resident might argue that the decision to stay in their home should be theirs: in doubtful cases, prioritize personal responsibility. The city operator would argue that the security authorities deemed it necessary to include the three residences in the defense and that this assessment must be trusted. Additionally, the operator could argue that there was a significant risk that some residents might step outside during the fighting despite a recommended evacuation or curfew, thereby obstructing the defense since the city's security forces would not fire on their own citizens, unlike the attackers. This argument seems at least reasonable.

APPROPRIATENESS: IS THERE A BALANCE BETWEEN THE BENEFITS OF THE MEASURE AND ITS DISADVANTAGES?

In the hurricane example, there are no other disadvantages apart from some additional costs, which an experienced operator would have already budgeted for and which should not be charged to the contracted citizens. In the gang scenario, the measures bring disadvantages to the residents

of the affected neighborhood, particularly to the three homeowners.

Disadvantages for residents include the temporary loss of freedom to remain in their homes or on the streets. Urgent evacuation recommendations with a note on personal responsibility would have been the least intrusive intervention in the liberty of the contracted citizen. However, it could have potentially compromised the defense, as argued by the city operator; ultimately, only a (arbitral) court can decide either way. As for the three residences, the city operator must pay compensation according to general principles if they were particularly damaged. Whether the requisition was ultimately necessary can only be clarified through a court decision involving expert testimony. However, in such cases, the court will likely grant security officers considerable discretion.

HOW ARE CHANGING SITUATIONS AND NEW INFORMATION HANDLED?

Since the operator must choose the mildest and most suitable means based on the principle of proportionality, they must also closely monitor the course of events and potentially adjust their measures. This duty can extend to an ongoing obligation to monitor the current data situation. If the hurricane changes course or the armed group is intercepted by the host state's military, the city operator must ensure this information is promptly communicated to contracted citizens, providing appropriate assurances so that the evacuated individuals can return to their premises as

soon as possible. In general, once the danger has passed, the measures must be lifted.

CAN THE MEASURES BE REVIEWED IN COURT?
All measures can be reviewed retrospectively through the dispute resolution systems agreed upon between the operator and the contracting citizens. In acute emergency situations, such review is only possible after the fact, unless the measure is maintained for an extended period. Measures taken by private providers, such as the voluntary closure of schools during a hurricane, can also be reviewed judicially according to the dispute resolution systems agreed upon by the parties.

II. COVID-19

Now, how would a Free City have responded to the coronavirus? The city operator would have had to carry out the same assessment as in the armed gang and hurricane cases, based on the knowledge available at the time of decision-making. Hindsight is always 20/20, but some still resist facing the truth. A critical and informed observer, looking at the facts surrounding the COVID-19 crisis with today's knowledge (2023), would categorize them for learning purposes as follows:

- **COVID-19 is real, but only about 5% of infected individuals develop a severe course of the disease,**

possibly with lasting impairments.

- **The fatality rate is much lower (0.23% of all infected, including all deaths “with COVID”) and mainly affects very elderly individuals and those with significant pre-existing conditions, almost never children or adolescents.**

- **However, such a disease can potentially be fatal, especially if treated improperly, such as with invasive ventilation, which was common at the start of the pandemic.**

- **COVID's transmissibility is significantly higher than that of influenza, but all other statistics are similar to the flu. According to official statistics, there was no excess mortality or exponential spread of the disease in Germany from March 2020 until the beginning of vaccination.**

- **At no point were unbearable overload conditions observed in hospitals nationwide, though this does not rule out such conditions in isolated areas.**

- **The virus is very likely of human origin and probably released in a laboratory accident in China.**

- **Masks did not manage to slow or stop the spread of the virus.**

- **Countries that opted for strict lockdowns did not manage to contain the virus more effectively than those that did not but suffered significant economic and psychological damage.**

- **Vaccination with mRNA vaccines prevented severe illness and death but did not prevent infection and has side effects that may globally be more severe than the virus itself.**

- **Ultimately, herd immunity meant that the virus was no longer a significant threat.**

These points may be debated. Different city operators may reach different conclusions. However, the “competition as a discovery process” (Friedrich August von Hayek) would also yield its beneficial effects here. Let us now put ourselves in the shoes of a Free City operator in the spring of 2020.

IS THERE A DANGER TO LIFE, LIBERTY, OR PROPERTY OF CONTRACTUAL CITIZENS?

It wasn't entirely clear at first because it was a new virus. However, by March 2020, there were clear indications that COVID-19 was indeed a dangerous pandemic, as defined population groups (such as those on cruise ships or in northern Italian cities) were experiencing much higher mortality rates than during a typical flu season. In the Bergamo region, for example, approximately 5,400 people died in March 2020, while in the months of March 2015–2019, around 1,000 deaths occurred each year. While someone may

have died on cruise ships before, it was not three or four simultaneously. Additionally, 61 general practitioners died in Italy—something unheard of in previous flu seasons. Therefore, a reasonable city operator had to assume the existence of an acute danger to life and health due to infection.

DOES THIS CREATE A DUTY TO ACT FOR THE OPERATOR?

Doing nothing, despite the availability of containment measures, would endanger the lives and health of contractual citizens whom the operator is contractually obligated to protect. Citizens pay for this protection and could claim damages against the negligent operator (or their heirs in the case of death). There was a legal obligation to act, and an external arbitral court would likely have ruled this way—especially since the WHO officially declared COVID-19 a pandemic on March 11, 2020. This would imply taking immediate measures that are effective but, according to the principle of proportionality, have the least negative impact on residents.

To illustrate the issue, let's consider two fictitious contractual citizens who have no hesitation in suing the city operator:

- **Angela A. is hyper-anxious ("we're all going to die") and constantly demands stricter measures to prevent infection.**

- **Peter B., on the other hand, is carefree ("just a simple flu, hyped by the media") and simply wants to be left alone.**

It should also be recognized that a Free City does not exist in a vacuum. If the host state and all states in the region take certain measures, if public bodies like the World Health Organization (WHO) recommend those measures, and if certain assumptions about the coronavirus prevail at the site of an external appeals court, then the city cannot completely avoid them—otherwise, it would be legally compelled to comply. The city operator must find a balance between the maximum desired individual responsibility of the citizens and what is externally viewed as their duty to act.

Angela A. would have demanded, citing the operator's duty to protect life and physical integrity, that a state of emergency be declared and that all residents be tested, quarantined under supervision after a positive result, wear masks at all times, and that all restaurants, libraries, schools, and kindergartens be closed—just as other states were doing. Later, she would have demanded mandatory vaccination for all.

Peter B. would have rejected all of this as an inadmissible usurpation of his rights under the citizen contract: "Those who are afraid should stay home."

HOW SHOULD THE CITY OPERATOR ACT?

According to principles for handling emergencies, it would have been necessary to assess in each individual case whether the requested measure was suitable, necessary, and appropriate, taking into account the current state of knowledge. Let's examine them in detail:

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1. **Warning Signs and Recommendations**
   A duty to act on the part of the city operator should at least include issuing warnings and, if necessary, recommendations (e.g., hygiene), since the operator has certain monitoring and informational obligations under the city's contractual duty of protection. A reasonable city operator would place special emphasis on these measures because they do not infringe on citizens' rights. In the age of the internet, gathering and sharing information is relatively easy and can be passed on to citizens, offering different perspectives and solutions (e.g., lockdowns vs. herd immunity). In this way, citizens can independently acquire knowledge.

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2. **Testing and Quarantine**
   A general and comprehensive mandatory testing requirement would not only be difficult to implement in practice but also questionable in its effectiveness due to high infection rates and the incubation period. Therefore, doubts already existed about the suitability of the measure and the operator's authority to order it.

> **However, treating initially vulnerable groups like hospitals and nursing homes differently would appear proportionate. For these groups, it could be reasonable for the municipal operator to require negative test results before interaction. These groups simply have no option to stay at home. Although it was debated whether tests really indicate an active infection or merely a past one (and thus their reliability was questioned), requiring tests for healthcare professionals likely would have been legally upheld.**

Additionally, the initial goal was to minimize the virus's entry from outside. This would mean implementing border controls for all newcomers, including returning contractual citizens from abroad. They would be tested and, if positive—or during the 14-day incubation period—placed in quarantine. This was probably still justifiable, at least initially. This would have quickly revealed that the elderly and sick were the main victims of severe cases, while children were practically unaffected and people were not dropping dead in the streets like flies.

With the Great Barrington Declaration, an alternative strategy was proposed: (only) protecting high-risk groups, which, in terms of assessment, is the milder approach. Testing would therefore be limited to people in contact with high-risk groups (e.g., nursing staff), and otherwise abolished.

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3. **Mask Mandates and Lockdowns**
   Since both mask mandates and lockdowns were medically controversial from the beginning, raising doubts about their suitability from the start—and because their significant side effects (economic recession, social isolation, and educational loss) had to be considered—general orders for such measures in a Free City would not have been legally justified. In Free Cities, the principle is: "when in doubt, opt for individual responsibility," and those afraid of COVID-19 are free to barricade themselves at home or go out only in protective gear.

Individual private businesses are free to make different decisions, but the closure of a school or imposition of a mask mandate in a supermarket could also be legally contested by affected individuals—in this case, before the city's own courts. Especially when data became available indicating that lockdowns did not reduce infection rates, private providers would have also been legally obligated to suspend such measures if necessary.

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4. **Vaccine Mandates, Proof of Vaccination**
   A vaccine mandate—even an indirect one (loss of job for being unvaccinated; entry bans)—especially involving a newly developed mRNA genetic vaccine that did not undergo the usual approval process, constitutes bodily harm. The municipal operator could only impose it in extreme cases—namely, if it prevented the spread of

a disease that leads to death in numerous cases, or if non-vaccination overloaded the healthcare system, causing numerous deaths. It's also worth noting that overburdening the health system is only an argument if the municipal operator initially tried to expand necessary capacities—like acquiring ICU beds.

Today, we know that the vaccine does not prevent infection, which was also never claimed by the manufacturers. It was presented as such by politics and the media to pressure the population. Moreover, in most countries, the healthcare system was never overwhelmed, and mobile hospitals and hospital ships set up in some locations were barely used.

Therefore, a vaccine mandate would have been illegal from the start—even for clinic staff—because a test would have sufficed for them, and vaccination neither prevents infection nor avoids overburdening the healthcare system due to unvaccinated people clogging it. And if a vaccine does not prevent infection, there's no justification for requiring it as a condition for entering certain buildings or the city itself.

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5. **Possibility of Private Solutions**
   Since Free Cities are places where individuals are responsible for themselves, everyone would be free to try medications and vaccines that are available and potentially helpful. However, this would be done at their own risk and subject to the terms of private health insurance or mutual aid groups (insurance coverage

could be lost).

Furthermore, due to the low level of regulation in the city, all market participants could immediately start producing goods in demand during the crisis (e.g., masks). Within the city, there would also be larger private residential areas, free to set their own rules, which could be stricter or more lenient than the city's, as long as their respective residents remain within those areas.

Moreover, the prices of essential goods (such as test kits) could rise without being banned as "price gouging" or "immoral profit." As a result, supply could increase where the highest profits are being made, allowing demand to be met more quickly. Opposing this market principle may be popular during crises, but it is counterproductive. Such an attempt is equivalent in its level of understanding to the medieval prohibition of usury.

6. Selective Protection of High-Risk Groups

In October 2020, the Great Barrington Declaration was published, authored by prominent medical professors from Harvard, Oxford, and Stanford. It would have been widely disseminated and discussed in the Free City. The text shows impartial readers that the experts made serious efforts to prevent harm, weigh risks and benefits, and propose solutions.

> **The most compassionate approach that balances the risks and benefits of achieving herd immunity is to allow those at minimal risk of death to live their lives**

normally to develop immunity to the virus through natural infection, while better protecting those at the highest risk.

We call this Focused Protection. Adopting measures to protect the vulnerable should be the central goal of public health responses to COVID-19.

This is a strategy that aligns both with the principle of individual responsibility and with the principle of using the least restrictive means. In hindsight, it proved to be correct.

CONCLUSION

A reasonable urban operator would likely have responded to COVID-19 in the following way:

In an initial phase of uncertainty (February–October 2020), warnings and recommendations would have been issued to all contractual citizens, a medical hotline for questions would have been set up, and testing and, if necessary, quarantine requirements for travelers would have been ordered. The city operator would have procured test kits and masks. Contractual citizens would have had the opportunity to voluntarily get tested and wear masks. Possibly, a mask mandate would have been ordered in city-owned buildings and public transportation. Publicly accessible buildings would have been closed, and measures taken by private school operators and sports service providers. The municipal operator would have funded additional intensive care beds for hospitals with emergency funds. Regular

consultations with experts holding different opinions would have been scheduled.

In a second phase (from October 2020 onward), once it became clear that mainly the elderly and individuals with pre-existing conditions were at risk, the city operator would have implemented the Great Barrington Declaration.

Given the reputation of the authors, this strategy (protecting high-risk groups, normalizing life for everyone else) could have been well justified to the host state as well as to courts and arbitration tribunals—especially since proponents of stricter measures generally were unwilling to engage in debate. The municipal operator would have offered a special information and protection program for high-risk groups, and volunteers with negative test results would have run errands for those who wished to participate. All measures would have been lifted for all other contractual citizens.

In a third phase (from spring 2021 onward), after the availability of vaccines, the city operator would have acquired available batches from various manufacturers to offer them initially to high-risk groups for free or with reimbursement, along with an information session on potential risks. All other contractual citizens would have been free to be vaccinated privately with a vaccine of their choice—or not.

As the danger from the coronavirus decreased around early 2022, with the Omicron variant, all measures, including those for high-risk groups, would have been lifted.

III. DIFFERENCES BETWEEN FREE CITIES AND CONVENTIONAL STATES

A particular feature of Free Cities is that several contractual citizens, like Angela A. or Peter B., would likely have initiated arbitration proceedings against the operator's actions or omissions continually, because the situation and available information were constantly changing. This is because the operator is liable for damages to its contracting partners if it negligently harms their freedom or property. Operators are in a difficult position: if they do nothing, the deceased's relatives may sue them, and if they do too much, contractual citizens may sue for loss of freedom and property. Losing such lawsuits could have significant economic consequences for the operator. This forces them, on the other hand, to constantly weigh the latest information and not negligently impose inappropriate measures or neglect necessary ones.

This is the opposite of politicians, for whom the worst-case scenario is being voted out of office—while retaining all pension rights. Politicians are primarily motivated by self-interest, such as getting re-elected and maintaining power and perks. This is a human tendency and is not being criticized here. The failure lies in the system. Politicians have no incentives to make difficult decisions because it is enough to give the impression of serving the common good with determination. No government politician would have therefore ended lockdown measures despite contrary data—because subsequent deaths are portrayed in the media as "victims of prematurely lifted lockdowns," while the

negative consequences of lockdowns (bankruptcies, domestic violence, depression) are not immediately visible. In the media age, everything revolves around appearances.

Even the financial damages to the state and society are of secondary importance because politics, with its virtually unlimited taxing power, has access to all citizens' wealth at any time. Instead, there is an incentive to impose measures as aggressively as possible to give the impression that this is the only way to protect people from something frightening. What politician doesn't enjoy appearing on television, flanked by important-looking people, talking about how they can protect citizens while promising free state aid? Crises are the executive's time to shine. It's the best free campaign a sitting official could imagine.

Back to the Free City: Here, the operator or the arbitration tribunal would eventually conclude that certain emergency measures are either not justified or are in fact necessary, or that there is no relevant emergency at all. In case of doubt, individual responsibility prevails. This example illustrates the importance of a functional, accessible, and swift judicial (arbitration) system.

Experience teaches us that it is of utmost importance to at least allow dissenting voices to be heard so that contractual citizens can make their own assessments and decisions accordingly.

In the COVID-19 crisis, government authorities lost credibility through one-sided information, negligent data collection, failure to weigh necessary factors, and illegal violations of

citizens' rights. Alleged conspiracy theories, such as the lab-origin of the virus, the relative ineffectiveness of lockdowns, or the existence of dangerous side effects of vaccines, have proven to be true. This should be a lesson for all of us in future cases.

Overall, it should be noted that Free Cities do not have a miracle solution for a real or alleged pandemic—but due to their different incentive structure, they would very likely react more quickly, flexibly, and thus appropriately compared to our nation-states. Civil rights violations would be far fewer, and normalcy would be restored much sooner.

CHAPTER 27
CULTURAL OFFERING

"Cities have the capability of providing something for everybody, only because, and only when, they are created by everybody."

— *Jane Jacobs*,
architecture critic

Didn't Karl Kraus state at the beginning of Chapter 21 that he himself had culture and didn't need it in the city? Now, Karl Kraus lived in early 20th-century Vienna and couldn't complain about a lack of cultural offerings. However, in a Free City that seemingly emerges from nothing, it's a different story.

Cities that offer only a few good restaurants, even if they have an attractive built environment, are dull places. This is

true even when the city provides an ideal environment for personal and economic freedom, as Free Cities do.

What makes cities vibrant and attractive is cultural life. A vibrant cultural scene includes not only classics like theaters, museums, and concerts, but also a lively nightlife, a vibrant food scene, sports events, lectures, and art exhibitions. Various markets also fall under this broader category. Typically, these structures evolve over decades, if not centuries. The question, therefore, is how a Free City can quickly reach such a status.

This is where the city operator comes in, because creating an attractive environment is part of their business model. This doesn't mean they have to book live music themselves, but they can create certain incentives for holding cultural events, such as providing venues for performances and events at affordable rates.

As with other infrastructure initiatives, the city operator should invest upfront in the early stages due to a lack of critical mass. Later, when the city is a bit more established, they can hand these activities over to third parties or even stop them altogether because there are enough third-party offerings. In any case, the city operator must somehow try to attract cultural events or convince organizers to hold them. It is highly recommended to pay special attention to this point; otherwise, new projects may quickly be considered sterile or artificial.

It’s obvious to turn to suitable organizers and artists from the host country who are already nearby. Organizing a regional

football tournament or something similar could be a way to enhance the city's attractiveness while also having a positive impact on surrounding communities.

Another idea is that, since even in the West some government-critical artists are being canceled, such individuals could be offered a new home. The same applies to highly qualified professors who have lost their chairs or can no longer appear in public because of their opinions. They can all be given a platform that also offers residents an interesting opportunity for continuing education, similar to the *Studium Generale* that European universities offer to broaden students' general education in various disciplines. Why shouldn't a Free City offer this to all its citizens, focusing on regionally relevant topics?

In addition to the participation of established artists and lecturers, the lower level should not be overlooked—that is, permanent offerings from the city's own residents, ranging from live music in bars to lectures, exhibitions, and the opening of private museums.

In this sense, a certain culturally inclined clientele should become permanent residents of the city. One might think that typical representatives of this group—or even "artists"—are not the target audience of Free Cities. However, that need not be the case. Especially in alternative circles, there are some who have distanced themselves from state structures due to the COVID-19 crisis and even before, and are seeking alternatives where they can essentially be left alone. These people can be supported. They can have their own neighborhood. The idea that very different groups can live

out their own culture in particular neighborhoods of the city is certainly an interesting option for the attractive Free Cities of the future, as described by Sebastian Grell in his award-winning essay *La façon de vivre*.

Geoffrey had to write to Josephine and tell her what he had seen and experienced. He wrote that he believes this is the place where the two of them can find happiness. He first visited a neighborhood of the nostalgics. The nostalgic neighborhoods are full of love with a historical touch. Thus, in some districts there are rules that prescribe a specific dress code and how façades should look—sometimes more and sometimes less strictly oriented to certain periods (and sometimes it was rather imaginative fantasies that shaped the code). There's no doubt that Geoffrey was impressed by the wealth of ideas and aesthetic demands shown by the nostalgics. Some told him they only had their second home here, where they would escape everyday life. Geoffrey could identify with that. And indeed, it seemed like a trip to a magical wonderland that invites any seasoned man to daydream.

After visiting the nostalgics, he went to see the tech entrepreneurs. The tech entrepreneurs are tech nerds driven by an entrepreneurial mindset who love technology and create their own small, futuristic world. Many of these futurists are transhumanists who try to use various technological augmentations to compensate for the weaknesses of their bodies and who want to enhance their physical or mental performance. Other technological add-ons offer comfort or entertainment. Not only their apartments but

their entire districts are turned into smart homes and smart districts, respectively. All of this while each district emphasizes different values and implements different technological philosophies. Some districts aim for comfort, others for entertainment, and yet others focus on performance enhancement, infrastructure process optimization, or security.

A visit to the nature lovers offers a completely different picture: instead of the fascination with technology, there is a simple, almost rural life. Naturalness, village-style living, and slow movement are the principles that shape and best describe these people's lives.

The imperialists are not satisfied with simplicity. They love the pompous. They want to build business empires and leave them to their descendants and to posterity. They prefer business lunches in their golf clubs and draft ambitious plans. Their style is Classicist and Victorian British Empire. But having visited several imperial districts, Geoffrey says that no two are the same, and these superficial descriptions don’t do justice to the diversity and fascinating ambitions of the empires. Some even lead parallel lives in one of the other districts...

This story can already be seen in the context of a developing culture of Free Cities. In 2020, the Free Cities Foundation organized a short story contest (the quoted contribution won first prize). The stories were to focus on life in a future Free City and the opportunities and challenges that might arise from it. The foundation's basic idea was to reach more people through culture—such as music, film, and literature.

The short story competition was intended to introduce the concept of Free Cities into the science fiction genre. It succeeded—more than a hundred stories were submitted from around the world. A selection of the best ones is compiled in the book *Road to Liberty*. It aims to be an inspiration for anyone interested in imagining a tangible future in Free Cities.

CHAPTER 28
ARCHITECTURE AND URBAN PLANNING

> **"In practice, master plans fail — because they create a totalitarian order and not an organic one. They are unable to adapt easily to the natural and unpredictable changes that inevitably arise in the life of a community."**
>
> **— *Christopher Alexander*, Architect**

Free Cities are born on greenfield sites for reasons of acceptance. This has the advantage of avoiding the mistakes of the recent past and allows planning with the latest technologies.

When building new cities, there is the possibility to create everything anew, so the temptation is strong to plan and implement a perfect world. However, urban planning, like central planning, cannot foresee all future events and developments. The market solution, on the other hand, is a process that works through trial and error, selection, and imitation of successful solutions. This process is

self-correcting and self-regulating, ultimately leading to a self-organized and stable order. Due to the multitude of market participants and parameters, such an order cannot be planned in advance. This approach forms the basis of the Free Cities concept as a social order that merely establishes a legal and regulatory framework as a whole. Therefore, it makes sense to apply this idea to urban planning as well — known as Market-Based Urban Development.

In line with the philosophy of voluntarism, individual self-determination, and competition as a discovery process, it is not appropriate to impose a top-down master plan on the entire urban area. Cities should primarily be the result of the ideas and works of their citizens.

On the other hand, the city must also be attractive in order to draw in residents in the first place. So how do you create beauty in urban planning, and why is that so important?

BEAUTY

Beauty is the result of a constant process of presentation and acceptance or rejection. This process runs through the entire history and evolution of humanity. We've been participating in this process for so long that certain aspects are deeply rooted in our psyche. Therefore, beauty is, to a large extent, not purely subjective. Over time, certain patterns have emerged that are generally considered beautiful. The human mind reacts to certain natural forms.

Patterns perceived as pleasing and harmonious trigger the release of endorphins, which automatically relax the viewer

and reduce stress levels. Perhaps this is why there is such a deep human need for beauty. This should be especially taken into account in architecture, as it shapes our daily environment. Israeli architect Nir Buras summarizes:

> **“Almost everyone intuitively recognizes that something — some quality of older places — is much more beautiful and enduring than what we are building today. Every year, one in seven people globally engages in tourism, and many of them seek out places where they can experience this quality. Although modern planners assure us that we will never build like this again, we stroll through Venice, Agra, Rome, Paris, Athens, and Florence as if desperate, feeling it might be our last chance to witness it.”**

What aesthetically distinguishes the cities mentioned — or their historic centers — and what can be emulated?
From an aesthetic point of view, it is primarily the absence of skyscrapers. Architect and author Christopher Alexander explains:

> **“High-rise buildings offer no real advantages. They are not cheaper, they don’t help create open spaces, they destroy the urban landscape, harm social life, promote crime, hinder children's development, are expensive to maintain, ruin nearby open spaces, and damage access to light, air, and views.”**

Yet the cities mentioned in the first quote are characterized by density and connectivity — a multiplicity of connections within a confined space.

SUCCESS FACTORS OF FAMOUS CITIES

The cities that became centers of prosperity and innovation were those with a high division of labor. The density and connectivity of the city contributed to this. Jobs and housing were close to one another. Many people lived together in a confined space and could interact more frequently and with more strangers than would be possible in a village. This interaction was facilitated by the architectural design of the cities, which encouraged frequent encounters. The most important squares were just a few steps apart.

This point is often overlooked in modern urban design. Even megacities, whose individual blocks are separated by wide roads, do not create this density of interaction that could have existed in an ancient Greek city with perhaps 5,000 residents.

Therefore — and this is good news for Free Cities — it's not about absolute size, but rather the right combination of density and connectivity. Even with just a few thousand contract citizens, city-like structures can be created.

High connectivity is achieved by closely integrating residential areas, production, and services. This works best when corresponding market prices can form. That requires property rights, free markets, and, importantly, the abandonment of detailed "visionary" urban planning.

All these factors reinforce one another and, in successful cities, developed in a way that positive feedback loops emerged — leading to better price determination for scarce goods. This pricing also included the need for beauty, and resources were allocated accordingly.

This occurred at various levels — from individual homes to community parks and larger public spaces. The latter were often created by city lords to attract people to their cities.

From this process emerged highly innovative, resilient, and human-centered superorganisms, including the pursuit of beauty.

In modern times, the city has become what Patrik Schumacher calls an "ecosystem of collaboration."

PROBLEM

Today, we often live in urban environments that do not align with our human nature, which is drawn to and stimulated by connectivity, creativity, and beauty. In most countries, constructing a traditional old town—cherished by tourists and residents alike—would no longer be possible due to current regulations and modern planning ideals, such as building codes, distance requirements, fire safety rules, etc. Cities suffer under centralized planning combined with architectural fads. Yet, it is presumptuous to believe we can fully understand and dictate highly complex systems like cities. This results in cities being shaped by a few rather than the many, unlike historically attractive cities that developed organically over time through the contributions of many and

were influenced by human needs—including the desire for beauty.

Combined with restrictive policy and a growing lack of price signals in areas such as transportation, energy, food, housing, and waste, this has led to a massive misallocation of resources and made our cities less attractive. Places designed by a small, all-knowing elite show increasingly lower economic and cultural growth, are prone to social ills, and have become ugly, frustrating, and undesirable in parts. Furthermore, the lack of networks, the threat of crime, lack of opportunities, rising cost of living, and burdensome institutions all stand in contrast to our human nature and the resulting social structures.

Even newly planned cities are typically characterized by permanent subsidies, top-down interventions, centralized speculation, and authoritarian utopian ideals that disregard human nature. Their limited comparative advantages vanish quickly when the subsidies dry up. These projects are not resilient and require increasing resources just to stay functional—or they are eventually abandoned.

SOLUTION APPROACH

In recent years, my company, Tipolis, has developed an approach to urban planning through the concept of International Cities. This involves forecasting urban typologies and patterns that would have emerged if a free-market regulatory framework had persisted for decades—or even centuries. These evolving patterns are

then adapted to the local context (culture, economy, climate, topography) to plan the urban framework and implementation. The most suitable urban, architectural, and infrastructural patterns are selected according to each case's specific development strategy. This is a continuous process that can adapt and evolve with new information. However, the results resemble traditional landscapes of Antiquity and the Renaissance more than modern cities.

GUIDELINES

In terms of building regulations, the city operator only defines key parameters within which private planners and their clients decide land use—usually emission limits and building safety aspects (e.g., structural integrity). They also consider which specific uses bring the greatest value increase. Complementary uses will naturally cluster together. Fundamental guidelines are established only to avoid long-term conflicts, such as locating heavy industry right next to residential or mixed-use areas. Certain areas are reserved from the outset for roads, ports, airports, or other special purposes. The city is planned to accommodate these needs but is also flexible enough to adapt them over time based on importance and cost through a property rights market. Property rights are extended to include aspects such as views, tranquility, and air quality—with the possibility of negotiation.

To experiment with new ideas, designated zones may apply different or no building regulations, likely attracting different land uses. The general rule is that the city center remains

entirely owned by the operating company or is subject to stricter design and building regulations since this part of the city must be especially attractive. The further an area is from the center, the fewer regulations will apply.

APPEARANCE

The initial buildings are developed and designed by the city operator. They will focus on creating beautiful public spaces and buildings. In a Free City, the aesthetic will emerge primarily from the gradual composition resulting from the coordinated efforts of smaller actors. Responding to the local climate by selecting appropriate materials and shapes will promote uniformity. Building height should be determined economically and will likely be limited to four or five stories in most cases. The Free City will be a network of relationships between spaces. It's not just about the density of housing or hair salons—it's about meaningful and complementary relationships between different functions. Potential urban patterns allow for far more of these relationships than in modern—and even historical—cities. This density also includes functions that aren't inherently dense, like open spaces, parks, green belts. This often leads to the formation of clear city boundaries, preventing urban sprawl and creating a stronger sense of belonging.

The Free City will allow for more diverse relationships. The number and type of interactions will increase. Historically, people have paid a high price to live close to places where they could access the greatest variety of relationships (entertainment, dining, nature, education, beauty, income

opportunities, institutions, innovation). Overwhelming connectivity gives the city a comparative advantage in becoming a successful innovation hub. Beauty, a high standard of living, and access to innovation—especially through professional, non-politicized city administration—will attract top talent.

This density is especially favorable when walkable. This leads to lower connection costs and more frequent interactions. Free Cities will therefore feature a series of interconnected public squares. There will be a structure of various orders, ranging from small neighborhood squares and busy district squares to promenades and larger public squares shared by districts. There will be several activity hubs connected by pedestrian pathways. These pathways themselves will offer interesting walks, like parks or shopping streets. The more connections, the better. Inner streets are pedestrian-oriented but still allow easy car access. At a larger scale, neighborhoods are connected by roads optimized for faster connections across the city, with pedestrians and vehicles separated for safety and speed.

POLYCENTRIC GROWTH

As cities grow, they can build upward or sprawl outward—but the latter requires ample space. Often both happen at once, resulting in megacities with skyscraper centers and distant suburbs. This is not the path Free Cities should take.

Instead, once a certain size is reached—where most destinations can still be reached on foot—the existing structure should be replicated. As a general rule, an area of 2–3 square kilometers with a population of up to 30,000 people fits this model. The existing city becomes a district and is subdivided, essentially forming a polycentric set of urban districts rather than a megacity with a single core and sprawling suburbs. Larger urban districts will have clusters of smaller neighboring districts supporting them. Infrastructure functions will be decentralized and present in each city district. Each district has its own center, periphery, and boundary—making it, in a sense, a city within a city. While each district can meet most of its residents' needs, different neighborhoods will have comparative advantages in certain areas. Some may focus more on entertainment and host an opera house, others on universities, medical centers, marinas, airports, etc.

This polycentric expansion model ensures that excessive growth occurs within a structure that benefits residents. As growth accelerates, the city fabric can adapt without the usual negative pressure on existing structures. Children can still walk to school; elderly people can continue to live integrated lives; citizens can maintain strong community ties. The polycentric approach ultimately leads to a resilient, adaptable, and prosperous city.

CHAPTER 29
ETHICS OF THE FREE CITIES

“Ethics can be defined as the sum of rules that regulate relationships between individuals in such a way that society remains stable.”

— *Amos Zweig*,
Philosopher

It is always individuals who act and shape our present. However, there are distinguishable groups that live according to different rules, which can be referred to as societies or communities. Life within these societies offers significant cooperative advantages for each individual, making the question of how to create a stable social order of utmost importance. The Free Cities have come a long way in establishing clear rules and consistently sanctioning violators.

The question is whether legal prohibitions against certain behaviors are sufficient, or whether a society also needs a shared ethic in terms of positive behavioral guidance. It is, so to speak, about filling the legal framework envisioned in the Free Cities with moral values. Because the most successful societies are high-trust societies. When market participants can trust that others will not betray them, cooperation becomes much easier. However, this requires a common value base.

Values should primarily be measured by the question of whether adherence to them over time makes society more stable. These values relate to three areas: behavior toward others, the long-term existence of society, and individual virtues.

This question has already been discussed in the context of the so-called Böckenförde dilemma (see Chapter 4, Section VI: *What*

holds societies together?). The Free Cities automatically assume a minimum of common basic values due to their structure, such as the Golden Rule, the Non-Aggression Principle, and strict reciprocity. However, it is likely that successful societies also need a shared ethic beyond this—or that such an ethic naturally develops over time. The legal order sets the boundaries, and the intermediate space is open to customs and practices that uphold society and must be exemplified by those in leadership roles to ensure lasting acceptance.

These unwritten rules of coexistence have prevailed in all societies throughout history, even without formal legal force—such as the handshake as a greeting in the European context.

NIHILISM AND LOSS OF VALUES

I explained in the context of the political cycle (see Chapter 4, Section I: *What motivates us?*) that we have certain inhibitions about simply getting into someone else's business and taking things without payment. This is also why civilized societies require relatively few law enforcement officers per capita—because certain basic rules of behavior are accepted by all. This is more likely to be the case in homogeneous societies than in diverse and immigrant societies.

Unfortunately, recent years have shown—such as events in California—that this is no longer the case. Once shoplifting is no longer considered a crime, even citizens who previously refrained from it begin taking things without paying. Organized gangs, in particular, have formed to systematically empty stores. The

absence of a common ethical-moral foundation and the spread of nihilism have apparently led to behaviors once taken for granted no longer being so today.

Even the ruling elites are no longer role models in this regard. Those who allow the irreversible genital mutilation (“gender transformation”) of minor children against the will of their parents have permanently forfeited any ethical authority.

It seems that in many parts of the world—especially in the Western world—the fundamental principles of coexistence must be renegotiated because they are no longer self-evident. In this sense, the Free Cities are also called upon to contribute to a new ethic. Otherwise, there is a risk of failure—precisely because the new communities lack a shared historical tradition to fall back on when needed. However, this also presents an opportunity: namely, the creation of an ethic that can be applied to all well-intentioned people, regardless of their origin, beyond religious or culturally shaped traditions.

LONG-TERM SURVIVAL OF FREE SOCIETIES

The accusation that liberty-oriented ideas lack an ethical-moral message capable of preserving a society across generations is partially correct, on the one hand. But on the other, it is based on a misunderstanding that Ludwig von Mises had already pointed out. (Classical) liberalism or libertarianism merely shows the path toward improving general prosperity and individual freedom in a society. It does not judge whether these are even desirable goals. That must be decided on a different level. While a society that allows for personal development gives individuals the opportunity to be themselves—and thus the basis to be happier than those

who must bend and pretend—this alone does not create a foundation for long-term survival. For example, a society that achieves complete personal and economic freedom may, through its individuals, decide to no longer have children. It would then disappear within a few decades or be overtaken by those who view it as their duty to uphold their ideology across generations through childbirth.

From this perspective, libertarianism and conservatism are not opposites. Libertarianism is the framework within which a society can rise to the highest levels of civilization. However, these standards are not set by the principles of libertarianism but must be drawn from other sources, such as religious or philosophical guidance, or traditions and legacies that have proven themselves over centuries.

The Golden Rule generally covers more than one might initially think. The prohibitions against killing, stealing, bearing false witness, and coveting others' property, etc., are its branches. Similarly, helping others who cannot help themselves. The Non-Aggression Principle ensures the peaceful development of society, and reciprocity prevents certain groups from claiming more rights than others. Much can be achieved with this—but likely not enough.

If a Free City wants to survive and thrive for many generations, the lessons of the past regarding virtues and personal behavior must be taken into account. These should be prescribed in some way. They can be recommendations that are promoted and modeled, principles taught in schools, or even the establishment of a separate church.

It is extremely important to provide children with a good education and to pass on the values of the Free City. We can witness firsthand what happens when “progressive” educators in schools and universities destroy millennia of civilizational achievements within just a few decades.

Such things can happen again if the principles of Free Cities are not explicitly passed on to the next generation and to newcomers.

FAMILY, RITUALS, APPEARANCE

This particularly concerns the family as the time-tested core of social life. A family, in this sense, necessarily includes children; otherwise, it is merely a lifelong temporary partnership. Family means a time span reaching into the past and continuing into the future. Parents live on through their children and grandchildren, and so on. That is why parents are responsible for their minor children; that is why family members are mutually obliged to support one another, and that is why parents should be honored.

This also includes rituals, such as the rite of passage into adulthood, the signing of the citizenship contract, or the regular remembrance of those who lost their lives in the struggle for freedom. Such rituals are essential for maintaining the cohesion of a society over a long period. This must not be underestimated in any way. Free Cities have the opportunity to introduce or offer such rituals; participation in any of them is never mandatory.

Finally, there is the area that transitions from ethics to culture—namely, appearance. It is important that responsible citizens set a good example in terms of clothing and manners.

This conveys a wealth of messages: I am considerate enough to optimize my appearance in public compared to in private. I show respect for my fellow human beings. I have enough self-discipline to take on the extra effort. Clothes make the person, and stylish, well-fitting clothing is a sign of success and gives confidence to the wearer. Karl Lagerfeld's famous saying that anyone who wears sweatpants in public has lost control of their life contains more truth than most people think. These are, of course, behaviors beyond the scope of regulation by city operators, but through proper modeling and imitation, they can certainly become widespread even in a newly formed community within a short time.

It is often lamented that the crisis of meaning and nihilism in modern industrial societies result from a lack of real challenges. I can help with that: we are currently facing enormous challenges because certain groups aim to further centralize, restrict freedom of speech and action under the pretext of alleged crises, and install a kind of world government. Regardless, practically nowhere in the world today can people truly be Sovereign of Themselves, because the respective politics or religions do not allow for it. Therefore, there is still much to be done in realizing the freedom of those who want to be free. Creating new systems that enable largely self-determined lives is a task of the century. Everyone can contribute to this because there are countless individual questions for which new suggestions and alternative ideas are needed.

PROPOSAL

Here is my proposal for an ethic of Free Cities, based on the knowledge acquired so far and on existing humanistic and religious commandments:

- Treat others as you would like to be treated.
- Accept that your neighbor may think, feel, and act differently from you.
- Resist when people who think, feel, and act differently try to impose their values on you.
- Keep your promises and agreements. Trust that others will do the same.
- Respect the property and rights of others. Do not commit violence or coercion against anyone. Do not betray anyone, including yourself.
- Use your intellect. Do not blindly follow authorities. Have the courage to form your own opinion.
- Marry, build a family, and have children.
- Stay with your spouse. Help your family members achieve their goals. Honor your parents.
- Take responsibility for yourself and your life. Create your own livelihood. Do not live at the expense of others.

- Be diligent, reliable, and duty-conscious in everything you do.

- Be honest. Speak clearly and precisely.

- Maintain health and fitness, value a well-groomed appearance and good clothing.

- Put your life and home in order before trying to improve the world.

- Help those who are deserving and those who cannot help themselves.

- Pass these commandments on to your children and grandchildren. Be their role model.

CHAPTER 30
FIRST EXPERIENCE

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."
— Richard Buckminster Fuller
Architect and Visionary

Starting in the 1960s and 1970s, attempts were made to establish alternative communities outside the jurisdiction of existing states. There is even a Netflix movie about *The Incredible Story of the Rose Island*, which was artificially created outside Italian territorial waters in the Adriatic Sea. *Sealand*, a former World War II

anti-aircraft platform off the coast of England, also declared itself a new state. The *Minerva Project*, the creation of an artificial reef to establish a new independent country in international waters off the coast of Australia, was pursued with great effort. Both Minerva and Rose Island were either destroyed or claimed by neighboring states at the time. Afterwards, for a long period, not much happened—until the beginning of the 21st century, when the search for new ways of living together gained momentum once again.

I. ATTEMPTS AT AUTONOMY IN THE 21ST CENTURY

SEASTEADING

The term “Seasteading” is derived from “Homesteading,” the concept of legally occupying land, particularly known from the 19th century in the United States. The concept of Seasteading assumes that life outside territorial waters is possible, free from state regulations, on a purely voluntary basis. Floating residential platforms come together to form communities that establish their own rules. If someone no longer agrees with these rules, they can have their platform towed to another community that suits them better. The concept is particularly promoted by **The Seasteading Institute**, founded in 2008. Seasteaders argue that this approach allows the exploration of new forms of coexistence, harvesting food from the sea, sustainable aquaculture, and even the restoration of coral reefs. It could also address threats posed by rising sea levels.

Inspired by this concept, the private company **Ocean Builders** successfully developed a residential platform for two people in

2019. These platforms were designed to withstand waves up to five meters high and were priced at $150,000. Ocean Builders identified the Andaman Sea, off the coast of Phuket, Thailand, as a suitable location because it typically does not produce waves over two meters in height beyond the 12-mile territorial limit. Within a few months, the first Seasteading platform was built in a small Thai shipyard and taken out to sea. The first "Seapod" was occupied by two volunteers, American **Chad Elwartowski** and his Thai partner **Nadia Summergirl**, and it functioned well. Local fishermen sold them food, and they occasionally traveled by boat to the mainland to replenish supplies. Videos of their experiences were published, and there were plans to mobilize more volunteers to establish a small maritime community. At the time, local Thai authorities had no issues with the project.

However, unexpectedly, the Thai Navy showed up, claiming that a report had been filed and that the couple was under investigation for high treason. According to Thai criminal law, this crime can carry the death penalty. The activities were considered a threat to Thailand's sovereignty, and it was argued that the platform obstructed navigation. It was also claimed that the platform was within Thailand’s territorial waters. Apparently, the couple was warned in advance by an informed source, which allowed them to leave the Seapod before the Navy boarded it and towed it ashore. Ocean Builders denied the accusations, particularly noting that they had published the coordinates, which showed the platform was in fact outside the 12-mile zone. They also argued that such a small structure, located far from shipping lanes, could not possibly pose a threat to maritime traffic.

Amid all the commotion, the fact that a technological breakthrough had occurred was largely overlooked. For the first time, affordable and seaworthy housing had been created, offering the opportunity to establish economic settlements near the coast or even underwater commercial restaurants and hotels. Thailand could have benefited from this development but disqualified itself through its reaction. Instead, **Ocean Builders** is now working with **Panama**, where they have set up a shipyard. Currently, there are several interested parties in Ocean Builders' Seapods, and more seasteading projects are underway than ever before.

LIBERLANDIA

Liberland is an attempt to establish a microstate between Serbia and Croatia, with innovative ideas but traditional institutions (government, parliament, courts) and a constitution modeled after that of the United States. Liberland claims that the few square kilometers on which it was founded are *Terra Nullius*, meaning land belonging to no one. This claim arises because there is a new straight course of the Danube River and an old, winding S-shaped course. The de facto border after the Yugoslav Civil War is the new, straight Danube. Serbia lies to the east and Croatia to the west. This border corresponds to the international legal position of the Serbian government. However, the Croatian government claims that the old Danube, with its winding arms, represents the correct border. According to this view, some land tongues extend into Serbian territory, while others extend into Croatian territory.

However, this logically leads to the conclusion that a tongue of land west of the new Danube, surrounded by an old arm of the

Danube, is not claimed by either country. According to the Croatian interpretation, it belongs to Serbia, but Serbia's claims end at the straight course of the Danube. The Liberlanders took advantage of this situation. The claim made by Liberland is therefore at least coherent, whereas the Croatian rejection is not, as it contradicts their own legal perspective (although they can change it). In practice, Croatian border police occupy the territory and do not allow Liberlanders to enter, so Liberland remains a mere idea. Despite this setback, Liberlanders are not discouraged and continue to work to realize their idea. They seek diplomatic recognition, organize festivals, participate in the metaverse, and much more. The dream of experimenting with new forms of coexistence seems uninterrupted, with reportedly 700,000 people applying for Liberland citizenship.

SPECIAL AUTONOMOUS ZONES / SPECIAL ADMINISTRATIVE REGIONS

Beyond these projects, several initiatives aim to establish autonomous communities, free cities, or charter cities. However, none have progressed to the level of the ZEDE special zones in Honduras, mainly because there are no (or limited) autonomy laws in place. These ZEDEs are addressed separately in the next section.

A project led by my company, Tipolis, in West Africa succeeded in getting an autonomy law passed in parliament, but faced a change in government and the law was not enacted. Such political risks are part of the business and will recur in the future. However, it is encouraging that more and more such attempts are

being made. The successful implementation of projects outside of Honduras is only a matter of time.

Some projects try to start with a traditional special economic zone law and then negotiate expanded autonomy. The problem with this approach is that it puts you in a weaker bargaining position because you have already invested time and money in establishing the special economic zone. The government assumes that even if negotiations for greater autonomy fail, you won't leave the country. On the other hand, offering to come only if a certain level of autonomy is granted and promising investment and jobs only under those conditions provides better leverage to negotiate an autonomy law.

Many of the free city projects publicized in the media have little or only marginal legal autonomy, making it impossible to create Free Cities or Charter Cities. Examples include Songdo in South Korea, Elon Musk's city project in Texas, and various other projects, often in Africa (such as Eco-City, Ivana, or Nkwashi). They are not relevant to our discussion due to the lack of real autonomy, and we will not delve into intentional communities for the same reason.

NEOM

One of the few real projects that could actually evolve into an autonomous city with its own rules is NEOM. It is heavily funded by the Saudi Arabian state and is touted as the largest project in the world at the moment.

NEOM covers a staggering 26,500 square kilometers, approximately the size of Belgium. The project is located in northwestern Saudi Arabia, across from the Sinai Peninsula. NEOM is promoted as a hub of innovation, the future, and sustainability. Current plans include a port city, the futuristic city of *The Line*, as well as an entertainment center and a ski resort.

However, as of today (2023), it is unclear what legal autonomy NEOM actually has compared to the rest of Saudi Arabia. Initially, it was promoted as having a more liberal order than the rest of the country. Numerous consultants were hired, with frequent CEO changes. It seems that conservative forces in Saudi Arabia have now managed to retain certain aspects of Sharia law in NEOM, but the details are unclear. The project's website only states that NEOM will be a special economic zone, without providing details on the legal implications and whether this status is guaranteed or subject to the king's discretion. No specific information is available on the requirements to start a business or establish residency, although construction is already underway.

The somewhat dystopian subproject *The Line* is planned to be built in an area of only 34 square kilometers and house 9 million people. The city is only 200 meters wide but stretches 170 kilometers. According to its initiators, this project reduces the need for infrastructure space and creates unprecedented efficiency in urban functions. Residents would have access to all facilities within a five-minute walk, as well as a high-speed train every 20 minutes.

It is unclear where the planned 9 million residents will come from. Until the legal framework is clarified, finding stakeholders may prove challenging.

II. HONDURAN ZEDEs (ZONE FOR EMPLOYMENT AND ECONOMIC DEVELOPMENT)

In recent years, Honduras has stood out among other nations for creating opportunities for new models of coexistence. These areas are known as ZEDEs, which stands for “Zones for Employment and Economic Development.” Although they are sometimes referred to as special economic zones, they are much more than that; they are true Special Administrative Regions (see Chapter 11) with the ability to establish their own institutions and rules. The goal is to create a stable legal and political environment that attracts foreign investors for the benefit of all Hondurans.

Contrary to frequent media claims, ZEDEs are not private resorts for millionaires that exist outside Honduran sovereignty, devoid of regulations, and where residents have no rights. Instead, ZEDEs are public law entities, similar to municipal institutions within the state of Honduras. They are led by representatives born in Honduras and their activities are monitored by a state commission. ZEDEs have their own regulatory powers but are still under Honduran sovereignty and the international agreements to which Honduras is a signatory. The Honduran penal code also applies to these zones. Article 1 of the ZEDE Law explicitly states:

> ZEDEs are an inalienable part of the state of Honduras and are subject to the Constitution and national government in matters of sovereignty, jurisdiction, territory, national defense, foreign relations, electoral matters, and issuance of identity and passports...

So, are Honduran ZEDEs in general, and Próspera and Morazán ZEDEs in particular, Free Cities?

Not exactly. They are more like hybrids with elements of Free Cities. The general design of ZEDEs allows private initiators to propose the creation of a ZEDE, but it is not geared toward private administration. Instead, it draws inspiration from the Hong Kong model and leans toward top-down state administration. The head, known as the Technical Secretary, must be a native Honduran. According to the original concept, the Technical Secretary can set all rules, which must align with best practices from around the world, but these rules must be approved by the state commission called the “Committee for the Adoption of Best Practices” (CAMP). This commission initially included experts from around the world, but after a reorganization, it had a clear majority of Honduran government members, including the Prime Minister (who happened to be one of the three creators of the ZEDE idea). There was no provision for participation by ZEDE initiators or residents in decision-making. The initiators of the first ZEDE, Próspera, found this unsatisfactory. They approached me after I gave the first lectures on my Free Cities concept in 2016, asking to incorporate elements of my idea into the ZEDE concept. That is what happened later.

In the end, a hybrid model emerged, blending a classic state administration with elements of a Free City. To prevent the Technical Secretary from making all decisions unilaterally, a council was created composed of representatives of the private founders of the ZEDE and the residents. The rights of the residents are broadly protected in a charter that also defines this structure; in this sense, Próspera also includes an element of a

Charter City. The administration, as in Free Cities, was largely delegated to a private state service provider. However, the state commission CAMP insisted that tax collection (since the ZEDE Law requires at least one tax, with 12% of revenues remitted to the Honduran state) and police functions should not be delegated to the private service provider but must remain directly under the supervision of the Technical Secretary as the state's representative.

This modification of the original ZEDE concept—intended to better protect residents, introduce private administrative services, and distribute power away from the Technical Secretary—followed months of negotiations with CAMP. We even went so far as to isolate ourselves with their main representatives, promising not to leave until all outstanding issues were resolved. This was achieved after three days, and in December 2017, the Próspera ZEDE was approved as the first ZEDE in Honduras. The second ZEDE, Ciudad Morazán, followed a similar model organized as an EmpreCom (see Chapter 12).

Thus, initially, there exists the ZEDE public law entity, led by the Technical Secretary, which is integrated into the structure of the Honduran state, resembling a municipality to some extent. It has a special supervisory body, CAMP. Only below this level do elements of private administration come into play. Most critics, both in Honduras and abroad, seem not to understand this structure, which is primarily a public law entity and not purely private.

A structural element at the ZEDE level is indeed new and aligned with my proposal: there is a genuine social contract between the ZEDE and its residents. In Próspera, it is called the "Coexistence

Agreement” and was already provided as an option in the ZEDE Law. Thus, we have a hybrid model: on one hand, there is a charter that sets certain rules and protects residents' rights, and on the other, a residency contract that specifies an annual fee payable to the public service provider but also offers protection against adverse legal changes. The fee for Honduran residents in Próspera is only USD 260 per year, making it accessible even to low-income groups.

How did the ZEDE Law come about?

In public discourse, it is often stated or assumed that the ZEDEs originated abroad, in the minds of visionary entrepreneurs or idealistic academics. Such a narrative ignores a central point: the core idea came from within Honduras itself. It all started with three Honduran lawyers: Octavio Sanchez, Carlos Pineda, and Ebal Díaz. At first, their vision was to help Honduras solve its serious problems. In particular, Sanchez had tried to find ways to reform a country plagued by corruption, weak rule of law, and resulting poverty. Honduras has long been among the countries with the highest levels of violent crime. Restructuring an entire country is no easy task, especially when drug cartels have influence at the highest levels of government.

When Sanchez began his political career, comprehensive reforms seemed almost impossible. In the early 2000s, he worked for the future president, Porfirio Lobo. Sanchez began a dialogue with Mark Klugmann, a U.S. development consultant who worked in the Reagan and Bush administrations. Klugmann advocated for what he called LEAP zones. His conclusion was that gradual attempts to introduce market reforms in entire economies typically met resistance from powerful coalitions of entrenched interests.

Why not try to implement reforms all at once, but on a smaller scale? If deep reforms were tested at the local level, these experiments could become beacons of prosperity that would eventually have a profound impact on the rest of the country—just like Hong Kong did for China. Sanchez found Klugmann's principles compelling and further developed these ideas in the Honduran context. Eventually, the creation of a new autonomous city following the Hong Kong model became a powerful vision within Sanchez's circle. In 2010, Lobo became president and Sanchez became his chief of staff. This was their chance; the Honduran Hong Kongs could finally become a reality. But there was still one problem: how could they sell something so unusual to the Honduran Congress?

This is where Paul Romer, a prominent and Nobel-winning economist, came into the picture. Romer's ideas about Charter Cities seemed to align well with Sanchez's, and the two men began a dialogue. Soon, Romer also started advocating for Honduras. This was crucial; Romer's international credibility helped convince the Congress. And thus, the first generation of Special Development Regions of Honduras (REDs, or "regiones especial de desarrollo") came into being.

The REDs were as promising as they were ambitious. They were granted wide autonomy in many areas, even allowing them to sign contracts with foreign governments and international agreements. Although the legislature overwhelmingly supported the RED proposal, the Honduran Supreme Court considered it an overreach of what the Constitution allowed. In October 2012, a year after the RED law was passed, the Supreme Court declared the constitutional amendment and the RED law unconstitutional.

By that time, the RED idea had already faced constant criticism, even though no zone had yet been established on the ground. Even during the brief period when the RED law was in effect, conflicts arose among those involved. A transparency commission was created to monitor the REDs, and Paul Romer was likely informally promised a leadership role in this commission. However, when the Honduran government signed an agreement with American businessman Michael Strong to develop the first RED, and Romer protested that he had not been consulted, it was revealed that he had never been officially appointed to the commission. Romer felt marginalized and soon exited the Honduran scene.

Where others might have given up, Sanchez and his team persisted. After the Supreme Court's decision, a new and improved version of the regulations for special zones was developed. The problem with the REDs was that the Supreme Court believed their design posed a threat to Honduras' sovereignty and territorial integrity. In the newly formulated legislation, the REDs became ZEDEs. With this new concept, some of the autonomy previously granted to REDs was restricted, and all previous concerns about sovereignty were addressed in a new constitutional amendment, which was later challenged again but this time upheld by the Supreme Court. The enabling law for the new zones, the ZEDE Law, was then passed in September 2013 with another overwhelming parliamentary majority. With this law, the ZEDEs were clearly and unequivocally integrated into the constitutional framework of Honduras. Instead of the previous transparency commission, the “Committee for the Adoption of Best Practices” (CAMP) was appointed to oversee the ZEDEs.

With the adoption of the ZEDE Law and the creation of CAMP, things were finally able to move forward. However, it took nearly four years for the first ZEDE, Próspera, to be approved. According to internal sources, “the delay was attributed to a combination of internal disputes and financial mismanagement within CAMP, a lack of real interest in ZEDE development by President Hernández [who took office in January 2014], distractions due to elections…” It was only when one of the three Honduran ZEDE visionaries, Carlos Pineda, became secretary of CAMP in 2016 that things began to progress. The Próspera ZEDE was approved in December 2017, followed by the Ciudad Morazán ZEDE a year later. A third ZEDE, Orquidea, was then operationalized in June 2021. A fourth ZEDE, Mariposa, was close to being approved at the time of the government change at the end of 2021; according to CAMP members I spoke with at the time, there were twenty (!) more ZEDE applications pending. The core idea of reforming the country through many Hong Kongs was taking shape. Then the socialists came to power and CAMP was effectively dissolved.

All three existing ZEDEs at the time had in common that they were established on previously uninhabited land acquired from private landowners. However, they differ significantly in other aspects. Próspera focuses on governmental and technological innovation, the knowledge economy, and connecting Honduras to the global economy. Ciudad Morazán is a “working-class ZEDE,” targeting working and middle-class residents, mainly from Honduras. Orquidea has no residential component and is exclusively geared towards producing fruits and vegetables for export. Thanks to the autonomy ZEDEs enjoy, each of the three zones was able to choose the legal system and regulations that suited them best. Ciudad Morazán largely applies the Honduran

Civil Code, Orquidea—export-oriented—adopted the law of the U.S. state of Delaware, and Próspera developed the Roatán Common Law Code, which is essentially based on U.S. Common Law and the innovative open-source legal system Ulex, developed by law professor Tom W. Bell of Chapman University.

As activities around the ZEDEs increased, so did opposition. ZEDEs faced fierce attacks from ideological opponents and established interests. Allegations arose from all sides, particularly fueled by those whose positions of power were somehow threatened by the ZEDEs or whose ideological orientation was incompatible with them. The main accusation, amplified and repeated by the press, is that the ZEDEs threaten or are directly involved in expropriating land and property from local inhabitants.

Critics point to a clause on expropriation in the ZEDE Law (Article 25). However, this article merely reserves the right to expropriate land for the Honduran state and not for the ZEDEs themselves. ZEDEs logically cannot have jurisdiction over land outside their approved boundaries. Regardless of what the ZEDE Law states, the Honduran state would retain general expropriation rights, as is the case in nearly all other countries.

I asked one of the drafters of the ZEDE Law why the unfortunate Article 25 ended up in the law. The answer was that, without much thought, they simply adopted a similar provision from a Hong Kong law. Any attempt to later amend the law would have led to other changes demanded by parts of Parliament that they did not want. Thus, Article 25 remained, though it never had any practical significance.

Since Próspera has been at the center of many of these allegations, the company has repeatedly emphasized that it has no intention of engaging in expropriation. Próspera representatives refer to their charter, which does not include eminent domain powers (Article 2.04), as well as to a 2020 resolution that unequivocally excludes any expropriation and reaffirms Próspera's commitment to incorporate land into the ZEDE only at the explicit request of the owners. As mentioned earlier, all land incorporated into Próspera is privately owned and was uninhabited before being converted into a ZEDE. Special attention was also given to the clarity of the land titles involved, which in Honduras are often contradictory or incomplete.

Despite all these assurances and the seriousness with which Morazán and Próspera, in particular, approach the issue of non-expropriation and consent, this line of attack has persisted. In a recently published article, for example, the unfounded claim is repeated uncritically that "the areas designated for the construction of the ZEDE are ancestral lands of the Garifuna region, inhabited by the indigenous population for thousands of years."

Consequently, the construction of ZEDEs would lead to mass displacement of the native population. However, it is evident that developing uninhabited land cannot result in any displacement, and such claims have no basis in reality.

Examples of dishonest or completely fantastical reporting like this have ultimately become the daily bread of ZEDEs. For instance, the National Center of Rural Workers (CNTC) made a flurry of accusations and complaints, claiming that the "social impacts" of the ZEDEs included "forced displacements, greater propensity for

conflict and violence, loss of cultural heritage, migration, and increased suppression of protests." The reason for making such scandalous claims was not explained, as if it were common knowledge that needed no justification.

Among other negative consequences, these destructive claims led the Technical University of Munich (TUM) to abandon its plan to open a campus in Próspera, citing "indications of human rights violations." Later, TUM backtracked, stating that “it had no evidence of human rights violations in or by Próspera” and that the withdrawal from Honduras was “the result of a change in management” and a “reorientation of business focus.”

Over the years, social media in Honduras has been filled with fears and unfounded claims that did not match reality but were repeated ad nauseam, fueled by widespread misinformation in the press. A prominent example is the claim that the ZEDE framework is allegedly "illegal" because it was declared unconstitutional. This simply is not true. As previously mentioned, it was the RED regulation that was declared unconstitutional by the Supreme Court, and the ZEDE framework was explicitly developed to address the constitutional deficiencies of its predecessor—a fact recognized and confirmed by the court. Even so, articles continued to be published conflating the two regulations and using them as the basis for legal and moral judgments. The sheer volume of criticism and online outrage created the impression that the entire country was against ZEDEs and that the public universally condemned them.

In reality, resistance to the ZEDE law was found to diminish rapidly when people were informed about its content and purpose.

I discussed this personally with some mayors in Honduras. In some cases, they openly told me that they had also signed the resolution against the ZEDEs but did not really know what the ZEDE law meant. After I explained the content, in more than one case, the mayor's reaction was to ask if their municipality could also become a ZEDE.

Surveys also indicate that resistance to the ZEDEs was organized by a loud minority and interest groups with political or ideological motivations, and that there was never a broad movement against the zones. However, at a certain point, the combined force of opposing interests drowned out genuine discussion about the advantages and disadvantages of Special Administrative Regions. When negative press was at its peak, opposition leader Xiomara Castro easily made the anti-ZEDE stance one of the key points of her presidential campaign. When she won the election at the end of 2021, she promised to abolish the ZEDEs, which she considered a vehicle for foreign exploitation—a position summed up by the omnipresent slogan “Honduras is not for sale.” In April 2022, Congress voted to repeal the ZEDE law and began the process of reversing the constitutional amendments that had allowed the law’s approval in 2013. This process is still ongoing, and another vote will be required in 2023 to confirm or reject the constitutional amendment.

Even if the law is eventually repealed, this only means that no new ZEDEs can be established. The abolition of existing ZEDEs could prove very costly for Castro and her party. In public statements and recent interviews, representatives of Próspera have made it clear that they insist on their legal protection. The ZEDE law stipulates that, even in the event of repeal, there is a

minimum period of ten years of legal protection for existing ZEDEs unless a longer period is agreed upon by contract. This is the case with a treaty between Honduras and Kuwait, which extends ZEDE protection guarantees to 50 years. Private companies within ZEDEs (including Honduras Próspera Inc.) have the right to sue Honduras under investor protection provisions in international agreements signed by Honduras, such as the CAFTA agreement.

Recently, proceedings have been initiated against Honduras before the ICSID arbitration court in Washington.

For the ZEDEs, an era has ended in which the Honduran government, despite malicious attacks from various groups, was essentially on their side. This is unfortunate, especially because much time was lost due to inaction between 2013 and 2017. Had the ZEDEs begun their development earlier, it might have been more difficult to oppose them politically now. Many jobs would have been created, people would be living safely in the ZEDEs, and enjoying a better quality of life. Similar developments occurred in the 1980s with the “maquilas,” export-oriented free zones. Initially, there was a lot of resistance in Honduras, but after the first twenty thousand jobs were created, no party wanted to abolish the maquilas. That remains true to this day. The same would have happened with the ZEDEs, especially in Morazán, which would have brought tremendous improvements in all aspects of life for the average Honduran worker in that region.

Despite the missed opportunities, the Honduran dream is not yet entirely extinguished. Hope now lives on in the three existing ZEDEs. Election winners come and go, and perhaps, when the tide turns again, all of Honduras may benefit from a kaleidoscope

of different ZEDEs experimenting with system and institutional improvements to create a better world for all of us.

III. INSIGHTS AND RECOMMENDATIONS

Past experiences and current developments in Liberland, as well as the Seasteading incident in Thailand, demonstrate that attempts to establish new forms of coexistence are best pursued through contractual agreements with governments.

From negotiations with governments in recent years regarding the granting of autonomy rights for the development of free or semi-free cities, several conclusions can be drawn. Firstly, there are states willing to engage in such models and the creation of Special Administrative Regions. These are typically developing or emerging countries seeking new ways to improve their situation. Their main interests are almost always job creation and attracting foreign investment. Legal and institutional autonomy is largely negotiable, but it has been observed that nearly all governments wish for national criminal law to continue to apply. There seems to be a fear that criminals could seek refuge in the Special Administrative Region, leading to a sort of dual criminal justice system, which they want to avoid for political reasons. This request can usually be accommodated without major issues.

In Honduras, it was observed that the first settlers are generally committed idealists, often coming from the United States or Europe. In a second, larger wave, local residents arrive in search of a better life and improved working conditions. Other groups follow afterward.

It is advisable to establish Free Cities and similar autonomy projects at the beginning of an election cycle because it allows more time to demonstrate early results in the form of jobs and infrastructure. It becomes more difficult for the opposition to later dismantle the project in the event of an electoral victory. The time until the next election should be used effectively, and unnecessary delays should be avoided. Effective public relations are indispensable in this context, beginning as soon as the project becomes public and establishing the narrative. Otherwise, the only option is to react to various attacks.

Finally, it is recommended to involve not only the ruling party with its parliamentary majority but also the main interest groups and, if possible, the most prominent opposition party. It may be helpful to establish structures that benefit the entire country, such as an infrastructure fund or by involving the government or even national citizens in the ownership of the city's operating entity.

APPENDIX

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I apologize to those I have forgotten to mention in this list.

ABOUT THE AUTHOR

Titus Gebel is an entrepreneur and holds a doctorate in law. Among other ventures, he founded Deutsche Rohstoff AG.

After more than 30 years of political involvement, he came to the conclusion that freedom, in the sense of voluntariness and self-determination, could not be achieved within conventional systems.

His solution is to create an entirely new product in the "market of coexistence" — namely, Free Cities — which, if successful, will have a broad impact. Through his company Tipolis, he is currently working on implementing this vision.

In addition, he has established a foundation to promote new concepts of coexistence that uphold the rights and freedoms of the individual.

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- free-cities.org
- tipolis.com

Here is the translated table from Portuguese to English:

COMPARISON BETWEEN FREE CITIES AND WESTERN STATES (Here: Germany)

Aspect	Federal Republic of Germany	Free City
Relationship between individual and community	Relationship of superordination/subordination (Authority – Subject)	Equal footing (Client – Service provider)
Legal position of the individual	Established in the Constitution and individual laws, which can be changed at any time by the authorities or interpreted differently	Contractually fixed; no unilateral changes to the contract allowed

Factual position of the individual	A citizen-child who is told what to do and how to speak, needs permission for everything; depends on the state for all major issues	A sovereign contractual citizen who ensures his right to self-determination and freedom, and also takes responsibility for his own mistakes
Conflict resolution between individuals/ communities	Decisions made by state-appointed courts with state-paid judges	Independent arbitration courts with arbitrators elected by both parties
Community codetermination	Parliamentary elections every few years, often unclear what elected representatives will later decide; direct voting rare (only at state level in southern Germany)	Codetermination in the delivery of contractually guaranteed services through shareholder participation; comprehensive self-determination in all other areas of life

General freedom of action	Heavily restricted; tens of thousands of laws and regulations at municipal, state, federal, and EU levels	Limited only by the few fixed rules in the citizen contract and the general freedom of others
Freedom of speech	Heavily restricted by opinion crimes like incitement to hatred; insult and defamation are crimes; state-driven opinion restriction on the internet and Facebook even without a crime	Only limited in cases of incitement to violence, aggressive intolerance, or expropriation; insults and defamation only prosecuted under civil law
Freedom of contract	Broadly limited by anti-discrimination laws, labor law, social law, environmental law, contract obligations; trend: increasing restrictions	Fully available; restrictions may apply only to de facto monopolists
Use of government revenue	At the discretion of parliament, effectively: the government, since the majority party	Exclusively within the contractually specified areas

	excludes dissenting MPs in future lists	
Legal system	Civil law for private transactions; public law for state-individual matters; criminal law as special public law	Civil law for transactions between individuals and Free City – individual relationship, no special laws for city operators; criminal law with civil law aspects and strong victim participation
Legal system accessibility	Only accessible to law students and professionals; too extensive to be fully taught	Accessible to every individual; entire legal system is part of the citizen contract
Claim enforceability	Theoretically through court titles; practically limited by garnishment exemptions, non-payment cannot be punished, sworn asset declaration always possible; private	Through court (arbitral) titles; non-payment leads to expulsion from the Free City after notice; private insolvency

	insolvency with ever-weaker conditions	possible under clearly defined rules
Private property/land ownership	Formally guaranteed, but with many restrictions and usage requirements due to environmental and construction laws; mandatory connections and fees; taxation adjustable as needed; possible expropriation with compensation; mandatory state mortgage registration possible	Fully guaranteed; free use (as long as third-party rights not violated) and exclusion of third-party influence; potentially low, immutable property tax; minimal construction law regulation; no forced expropriation or fees later imposed
Immigration	Legal immigration difficult, illegal immigration easy; even rejected asylum seekers who commit crimes are rarely deported	Selection by operator according to clear criteria; consistent rejection or deportation of unauthorized persons and offenders
Innovation	Many approval procedures, often time-consuming,	Always permitted and desired

	fostering anti-technology sentiment	
Corruption/lobbying/favoritism	Especially in public procurement and construction law; NGO funding; legislative processes, exemptions, tax privileges, subsidies	No state privileges granted, thus no basis for corruption, lobbying, or favoritism
Environmental protection	Extensive regulations affecting private sphere; politically motivated, arbitrary, non-scientific limits and bans	Emission regulations; otherwise enforced through private defensive legal claims; toxicological threshold values
Currency, banks, and monetary matters	Manipulation of money supply and interest rates; comprehensive banking regulation; banking privileges; legal tender specifications	No specifications or interventions; only the basic contribution must be paid in a specific currency
Basic contribution ("head tax")	None	Equal contribution from all for Free City services

Tax legislation scope	1,700 pages for corporate tax alone	1 page for all contribution types
Income tax	Progressive taxation often exceeding 50% of total income (including solidarity tax, VAT, vehicle tax, fuel tax, property tax, etc.)	None
Value Added Tax (VAT)	19% and 7%	Possibly low amount
Property tax	1–2%	Possibly low amount
Real estate transfer tax	3.5–6.5%	Possibly low amount
Special taxes (municipal)	Spirits, tobacco, dogs, mining, solidarity surcharge, etc.	None
Trade tax	At least 7%	None

Vehicle tax	Depends on vehicle type	None
Corporate tax	Around 30%	None
Wealth tax	Likely to be introduced	None
Inheritance/ gift tax	Up to 50%	None
Housing costs	Restrictive building laws severely limit design and prevent profitable construction; growing hostility, rent caps, and expropriation discussions deter investors; result: lack of investment driving prices up	Simple, clear construction law guaranteed in the citizen agreement allows economical building and investment security; low-income individuals can afford housing

Internal security	Citizens expected to get used to terror and crime caused by failed immigration policies; petty crimes rarely prosecuted; burglary clearance rate ~15%, conviction rate ~3%; lawless areas; right to stay not affected by crime; criminal law protects perpetrators, punishes emergency helpers, and sanctions self-defense	Contractually documented legal claim to security; claim for compensation from Free City in case of crime/offense; expulsion of criminals after sentence served; victim-centered criminal law, right to self-defense, perpetrator liable for damages
Religious freedom	Religions may impose customs on non-religious people; bans on dancing, prayer breaks, religious criticism sometimes prosecuted under criminal law; privileges like ritual slaughter, child circumcision	Unrestricted private religious freedom, but religions may not impose beliefs on outsiders; all rules apply equally to members of religion

Relationship between communities and religions	Comprehensive privileges like state collection of church tax, state funding of theological faculties, teachers, and church aid organizations	No privileges for any religion or belief, equal rights for all
Privileges in general	Comprehensive privileges for specific groups: unions, employer associations, disabled people, women, commuters, certain industries, churches; new “victim” groups added each year	No privileges for any group, equal rights for all
State redistribution	Constant redistribution among income groups to provide special benefits: single mothers, students, theatergoers, etc.	None; taking the fruits of another’s labor without consent is considered unjust

Entitlement rights	Comprehensive rights to live at others' expense; legal right to "necessary subsistence," including theater, cinema, concerts, telephone, radio, TV, internet access, newspaper subscriptions; additional subsidies for purchases, full rent/insurance coverage, Christmas bonus	None; no right to live at others' expense (exception: private family obligations and minimum safety net in citizenship agreement)
Old-age provision	Mandatory pay-as-you-go insurance (~20% income); pension ratio reduced from 60% to 48% despite higher retirement age; trend: falling further; private pension savings destroyed by interest manipulation	No specification. Self-help facilities available. Private capital-based insurance can achieve 80% pension ratio with 10% income contribution. Special hardship funds under strict conditions

Health	Mandatory insurance for almost everyone; centrally planned costs and treatment methods; minimal or no deductibles; exploding healthcare costs	No specifications, no fee rules for doctors; self-help facilities available; options to insure only high risks, nothing, or full coverage; total freedom of choice. Special hardship funds under strict conditions
Unemployment	Mandatory insurance	No specifications. Self-help facilities or private insurance possible
Working conditions	Extensive regulations increase production costs	Only basic occupational safety regulations

[Previous table continued]:

Aspect	Federal Republic of Germany	Free City
Energy	Comprehensive preferential treatment and cross-financing of expensive and unreliable energy sources, restrictions and bans on reliable and cheap energy sources.	No specifications, except in cases of danger to third parties. Leave it to the market, as cheap energy is key to everything else.
Education, School	General compulsory schooling until age 15/16; no right to homeschooling; teaching of the ideology of the ruling parties/political class. Content control also in private schools, with no right for each school to deviate from the prescribed curriculum.	No compulsory schooling, no guidance for schools or family teachers; Exception: prohibition of education promoting violence, aggressive intolerance and expropriation, denial of the right to self-determination, destruction of the Free City system.

Employment of personnel	Comprehensive regulations on wages, vacation, right to strike, working hours, social security contributions, protection against dismissal, and minimum wages make employment more expensive across the board.	No requirements beyond occupational safety; otherwise, contractual freedom prevails.
Establishment of production, service, or craft businesses	Comprehensive regulation, especially in production; often licenses and qualifications required, quotas and targets.	In principle, no restrictions or special certificates required (except for bans on human trafficking, drugs, and weapons); larger production plants partly only in industrial zones and with approval.
Operation of production, service, or	Comprehensive regulation, especially in the production sector; rules and relevant tax	Few rules on emissions and occupational safety; fixed contribution levels to the community; no

craft businesses	and fee levels change frequently.	possible subsequent unilateral changes.
Cost of living	**High,** due to high excise taxes, regulation that increases production costs, and tariffs.	**Low,** due to the absence of excise taxes, free trade and broad competition, and almost no costly regulation.

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